FOREIGN AFFAIRS

Fall 1981 *$4.75 a copy*

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Making the All-Volunteer Force Work—*Charles C. Moskos*
On Sino-U.S. Relations—*Huan Xiang*
The Taiwan Relations Act—*Jacob K. Javits*
Norway's Search for a Nordpolitik—*Johan J. Holst*
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EDITOR'S NOTE

It happens that the publication date of this issue—September 17—falls precisely on the twentieth anniversary of the tragic death of Dag Hammarskjöld. Ordinarily we are skeptical of anniversary articles, which are often urged on us by readers, but this occasion seemed to present a special opportunity to look hard at an institution we and others have tended to neglect. So we present the reflections of a uniquely qualified author, Brian Urquhart, who has been both voice and arm of all that most needs preserving and strengthening in the United Nations.

It is a long lane that has no turning, and the article on the Chinese viewpoint by Huan Xiang is the first we have had from that quarter since the Chinese People's Republic came into power in 1949. My predecessor's file of efforts to obtain such an article goes back literally to that event. It is coincidence that its publication is accompanied by Senator Javits' story of the Taiwan Relations Act, but the pairing may give both articles added bite.

For the rest, the issue pretty much speaks for itself. Charles Moskos on what is wrong with the All-Volunteer Force and what might be done about it seems to us both succinct and imaginative. And the treatment by Messrs. Holst and Bloomfield of the problems of the security of Northern Europe and of the Arctic as a whole should at least persuade readers that these closely linked areas raise special and difficult questions of immediate and long-term policy.

In geographical spread and the number of non-American authors (a majority for the first time in memory), what we offer here may be especially wide-ranging. That is the nature of the world today, and we are happy to be filling some gaps in our previous coverage.

The articles in FOREIGN AFFAIRS *do not represent any consensus of beliefs. We do not expect that readers of the review will sympathize with all the sentiments they find there, for some of our writers will flatly disagree with others; but we hold that while keeping clear of mere vagaries* FOREIGN AFFAIRS *can do more to inform American public opinion by a broad hospitality to divergent ideas than it can by identifying itself with one school. It does not accept responsibility for the views expressed in any article, signed or unsigned, which appear in its pages. What it does accept is the responsibility for giving them a chance to appear there.* The Editors.

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Brian Urquhart

INTERNATIONAL PEACE AND SECURITY: THOUGHTS ON THE TWENTIETH ANNIVERSARY OF DAG HAMMARSKJOLD'S DEATH

In September this year, it will be 20 years since Dag Hammarskjöld's plane crashed at Ndola—then in Northern Rhodesia, now in Zambia. The dramatic nature of his death, set against the somber violence of the Congo crisis and the loneliness and confrontation of his last months, have left a popular picture of Hammarskjöld which is, to some extent at least, oversimplified.

Hammarskjöld is now sometimes recalled as a sort of superman before whom governments trembled and world problems magically dissolved. In fact he faced insoluble problems much as his successors have had to, doing his best to mitigate and contain them, offering solutions which governments could sometimes accept and often could not. His last year was darkened by a complete break in relations with Khrushchev and de Gaulle, a crippling impediment for a Secretary-General, who must be able to deal constructively with member governments and especially with the permanent members of the Security Council. The Congo melée, which was at its height when he met his death in September 1961, had already given rise to a fundamental constitutional crisis in the United Nations. It fell to Hammarskjöld's much underestimated successor, U Thant, to find the way out of these difficulties.

It is now widely believed that Hammarskjöld was admired and enthusiastically supported throughout by the majority of member governments, and especially by the Western countries. This is a considerable distortion of the truth. He had been proposed originally by the Western permanent members of the Security Council on the mistaken assumption that as Secretary-General he would be a safe, rather colorless, non-political technocrat. In the event,

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his single-minded internationalism and integrity were not particularly popular with Western governments, except rather grudgingly when he was resolving problems in which they had ensnared themselves—American prisoners in China, the 1956 Suez crisis, or Lebanon in 1958, for example. Often they found him too high-minded for their taste and doggedly ahead of his time.

They emphatically did not like Hammarskjöld's ideas for developing the United Nations as an organization with quasi-supranational possibilities. His public confrontation with Khrushchev over the Congo caused a surge of popularity in the West and distracted attention from his disagreements with Western governments, but by and large, though respected, he was often found to be a somewhat uncomfortable feature on the international scene. In the emerging, post-colonial Third World, which aroused his warm enthusiasm, he was more accepted, but even there, especially in Africa during the Congo crisis, he became a controversial figure, distrusted by some.

What does Hammarskjöld's glowing posthumous reputation signify? Is it perhaps that governments in principle want a strong and independent United Nations but in practice may find such an organization awkward to deal with? Does it mean that while they have ratified the Charter, most governments are still a long way from recognizing and living by the practical implications of that document?

Hammarskjöld's working view of the office of the Secretary-General and above all his long-term objectives for the United Nations call for renewed study today, when the United Nations, not for the first time, is going through a period of public doubt and skepticism. What were his objectives and how much nearer have we come to them since his death?

II

"The policy line as I see it," Hammarskjöld wrote in 1959, "is that the U.N. simply must respond to those demands which may be put to it. . . . The United Nations should respond and have confidence in its strength." An important part of this approach was his feeling that the smaller powers had a particular stake in the Organization. Thus he wrote in 1960:

> The UN has increasingly become the main platform—and the main protector of the interests—of those many nations who feel themselves strong as members of the international family but who are weak in isolation. . . . They look to the Organization as a spokesman and as an agent for principles which give them strength in an international concert in which other voices can mobilize all the

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weight of armed force, wealth, an historical role and that influence which is the other side of a special responsibility for peace and security.

And again, three months before his death:

I would rather say that I see the future of this Organization very much as one of an organ which primarily serves the interests of smaller countries which otherwise would not have a platform in world affairs—these smaller countries, however, within the Organization intimately cooperating with the big powers.

This part of his vision of the United Nations, as the platform for the majority of smaller powers, has certainly been amply fulfilled in the intervening years. And the cooperation within the Organization between them and the big powers, if not as yet exactly intimate, is certainly increasing on a wide range of essential subjects.

But the second part of his vision—which is the subject of this article—has been a different story. Hammarskjöld's basic view of international peace and security was that a reliable and just world order could only be built pragmatically by making precedents and by case law. By this process he hoped that the United Nations would be gradually transformed from an institutional mechanism into a constitutional instrument recognized and respected by all nations.

He considered that the Secretary-General had a special role to play in that transformation. While this role might be applicable to any form of international conflict, it had special relevance as regards the great powers and the cold war. As he said in 1959:

I consider it a very natural function for the Secretary-General to keep problems as much as possible outside the cold war orbit and on the other hand, of course, to lift problems out of the cold war orbit to all the extent he can. That is for many reasons. One of them is that it is one way in which we can get over the difficulties created for the UN and UN operations by the cold war. It is one way, so to say, if not to thaw the cold war, at least to limit its impact on international life.

In his second term, Hammarskjöld began to speak of the emergence of an "independent position" for the Organization rooted in the existence at the United Nations of "an opinion independent of partisan interests and dominated by the objectives indicated in the UN Charter." He believed that some kind of international order and international conscience were taking shape at the United Nations for which he, as Secretary-General, was best placed to be the spokesman and even the executive—because, by the nature of his office and his election as Secretary-

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General, he was lifted above the conflicts that divided the Organization. He spoke of "imaginative and constructive constitutional innovations" to encompass this new nature of the United Nations. Sovereign governments were on the whole not enchanted by such heady notions.

Hammarskjöld lost no opportunity to put before the member governments the choice of alternatives for the future of the United Nations. On the one hand, it could be simply "a vast conference machinery. . . a framework for public multilateral negotiations . . . robbed of its possibilities of action in the preservation of peace"—a reversion to the pattern of the League of Nations—or, on the other, the active peace organization that had slowly been emerging during the previous five years. It is this crucial choice and the related developments of the last 20 years that will be examined in the following pages.

III

Partly as a result of his strong views about the development of the United Nations as an active organization for the pursuit and preservation of peace, Hammarskjöld's relationship with the Security Council was not always a smooth one. From the beginning there was a feeling that he was trying to push the Council and its members too fast and too far. His first major row with a great power was with the United States in 1954 over its destabilizing activities in Guatemala; his insistence on the responsibilities of the Security Council as opposed to the more easily manipulated regional Organization of American States caused violent indignation in Washington.

Then, in 1956, he was deeply distrusted by the British and French over his active role in resolving the Suez crisis and especially over his "declaration of conscience" to the Security Council at the outset of that crisis. In that declaration, which the British denounced as "unfair," and which was widely interpreted as a threat of resignation, Hammarskjöld warned that the Secretary-General could not necessarily be expected to continue to serve in situations where the conduct of member states, and especially of permanent members of the Security Council, was in violation of the Charter.

He again used the Council to the limit in 1958 in his effort to establish a United Nations presence in Lebanon to forestall other attempts to tilt the balance there. That effort, which resulted in the establishment of a sizable observer group in Lebanon, was accompanied by energetic diplomatic contacts by Hammarskjöld

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himself with the leaders mainly concerned. The overall result was the stabilization of a potentially extremely dangerous situation—a civil war with external ramifications. And when, as a result of a misreading of the political nature of the Kassem coup in Iraq, the United States undertook an unexpected military intervention in Lebanon, once again threatening a major international crisis, the United Nations machinery there proved an invaluable face-saving device for the early withdrawal of the American forces. At the same time, a different form of United Nations presence was devised for Jordan, partly in order to cover the withdrawal of the British force which had been sent to that country at the same time.

In the fall of 1959, the situation in Laos was explosive, threatening the precarious neutrality agreed to in 1954 at Geneva; then, and perhaps even more in hindsight, Laos appeared the seedbed of renewed war in Vietnam. Hammarskjöld took the initiative in bringing the crisis before the Security Council, using a procedural device that did not involve Article 99 of the Charter (which allows the Secretary-General to bring to the attention of the Security Council any matter which in his opinion may threaten the maintenance of international peace and security). But his activism was distrusted almost equally by the United States and the Soviet Union. His basic idea was the establishment of a United Nations presence in Indochina with special concern for the economic and social problems which rendered Laos and its neighbors unstable politically—an international presence designed also to fill the vacuum which otherwise would inevitably be filled by a great power struggle fought through the different political factions of the countries concerned. It is tempting, although futile, to speculate on how this far-sighted plan, which found little favor either among the great powers or the factions in the area, might have mitigated the tragedy of the succeeding years in Indochina.

Hammarskjöld was certainly aware of the suspicions aroused by such efforts and in 1960, before invoking Article 99 to bring the Congo crisis to the Security Council, he secured in advance the concurrence of all the members. Article 99 had never before been formally invoked for this purpose. No one at the time foresaw the depth or complication of the Organization's involvement in the Congo, or where it would lead. The international rivalry underlying the Congo crisis only became fully clear later when President Kasavubu and Prime Minister Lumumba, backed respectively by West and East, parted company and each declared a rival government. From that point, Hammarskjöld, the Security Council and the United Nations as a whole descended into a devastating and

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often tragic imbroglio which lasted nearly four years.[1]

In the Congo, the various opposing factions, including secessionist movements, each had their backers in the outside world. Thus the violence, disorder and tragedy of the local situation reverberated throughout the political structure of the United Nations, causing deep divisions among the membership which tended to paralyze the decision-making capacity of the Security Council and the General Assembly. This in turn left the Secretary-General with the responsibility for deciding how to keep under control, with a force of 20,000 U.N. soldiers and a large civilian operation, the chaotic situation in a vast, newly independent country in a state of full dissolution and anarchy. This controversial exercise of authority by the Secretary-General in a desperate situation raised fundamental constitutional and other questions, especially as regards the authority of the Secretary-General and the nature and conduct of peace-keeping operations. This process culminated, after Hammarskjöld's death, in the Article 19 controversy over the suspension of voting rights for non-payment of contributions, which tied up the General Assembly for an entire session. The United Nations is in some ways still recovering from that experience.

The fact that the Organization ultimately succeeded in its main aim of preserving the territorial integrity of the Congo was largely lost to the public in the welter of secessions, disasters, civil wars, denunciations and constitutional wranglings which bedevilled that audacious enterprise. Perhaps even more important, much of the thrust of Hammarskjöld's efforts for the development of the United Nations as an active political instrument in times of crisis was also submerged in the later stages of the Congo crisis. After Suez and the success of the first substantial U.N. peace-keeping force (UNEF I), great interest and enthusiasm had been aroused by the new technique of peace-keeping triumphantly pioneered by Hammarskjöld, as well as by his imaginative and dynamic development of the Secretary-General's office as an instrument for international problem-solving, mediation and quiet diplomacy.[2] The Congo experience, often either willfully or unintentionally misinterpreted or wrongly perceived, did much to dampen and

[1] A detailed account of the Congo crisis, up to the time of Hammarskjöld's death, will be found in my *Hammarskjold*, New York: Knopf, 1972, pp. 457–520 and 545–89. Other episodes covered above are also presented in detail in that volume.

[2] Peacekeeping may be briefly defined as the use by the United Nations of military personnel and formations not in a fighting or enforcement role but interposed as a mechanism to bring an end to hostilities and as a buffer between hostile forces. In effect, it serves as an internationally constituted pretext for the parties to a conflict to stop fighting and as a mechanism to maintain a cease fire.

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set back the hopes for the United Nations as the active instrument of peace and conflict control which Hammarskjöld's earlier efforts had done so much to encourage.

IV

Twenty years later, it is clear that we are still far from achieving even the first stage of Hammarskjöld's vision of the United Nations as a more active and comprehensive peace organization. Governments, where their own interests are involved, tend to go their own way, getting as much as they can, acting, if necessary, with little respect for the U.N. Charter and sometimes becoming involved in costly and futile conflicts. Expediency tends to be the order of the day—expediency born of fear or opportunism and of conflicting economic, political and military interests and the increasing economic interdependence of countries and continents. Armaments and the arms race continue to spiral out of all control. The rule of law is still a dream on the international stage. The United Nations, often ignored in normal times as the central instrument of an agreed world order, is relegated, in the political sphere at least, to the position of last resort—last resort for the great powers when nuclear confrontation looms, last resort for the weak and the threatened, and the upholder, all too often impotent, of the rights of the dispossessed and of the victims of conflict.

This is not a negligible function, and it is one which deserves far more recognition and respect than it gets, but it is hardly the role that the chastened victors of World War II had in mind for the future world Organization. The sequence of events leading to the foundation of the United Nations is all too well known—the steady erosion, after a promising start, of the League of Nations and in its place a growing and deadly cynicism about international organization and the capacity of nations to do something sensible together; the collapse of dreams of disarmament; the disastrous failure of collective will in facing the aggressions—Japanese, Italian and German—of the 1930s, and the descent into world war; and finally the rise, like a phoenix from the ashes, of the old discredited idea of a world organization for the maintenance of international peace and security. Are we doomed, with our newfound capacity for nearly total destruction, to repeat this disastrous cycle one final time?

The Charter was written with the disasters of previous years in mind. Not surprisingly, it did not foresee accurately the shape and balance of the postwar world. The apotheosis of the major victors of the war (China, France, the United Kingdom, the United States, and the U.S.S.R.) as permanent members of the Security

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Council with the power of veto, in itself put a limitation on the powers of the new world Organization for political action and even for political development. On the other hand, without such preferential status it is unlikely that the world's two most powerful states would have joined the Organization. It can also be argued that this recognition of the realities of power serves to balance the other extreme of international democracy, the one country-one vote system in the General Assembly.

Did Roosevelt, Stalin, Churchill and, later on, de Gaulle, really believe that they were founding an Organization which would "save succeeding generations from the scourge of war"? And, if so, knowing all too well the nature of sovereign states, how did they think it could work in practice?

The primary theme of the Charter is the peaceful settlement of international disputes and the mobilization of the international community to deal with threats to the peace and acts of aggression. In the postwar situation, clear acts of aggression were hard to identify and even harder to agree on. In fact, the main current of threats to peace flowing from the East-West competition for power and influence ran through the very heart of the Security Council which was supposed to deal with threats to peace.

The Charter describes a system for maintaining international peace and security which assumes that all governments will play the roles assigned to them. Those involved in disputes will avail themselves of the means available in the Charter to settle those disputes peacefully. If they fail to do this the membership of the United Nations, under the guidance of the Security Council, will take a series of steps designed to persuade them to do so. The governments concerned will heed and obey the injunctions of the Council. And if in the end the threat to peace persists, the Council, led by its permanent members, will apply enforcement measures, ranging from economic sanctions to military action, to restore peace and security.

This, in simple terms, was the plan the founders put their signatures to. Admittedly the veto power meant that the Council would be unable to mount an enforcement operation against one of its own permanent members—a precaution which is as much in the interests of the smaller powers as of the large ones, because it eliminates the possibility of their being required by the Security Council to take part in a war against a great power. But aside from that, the founders do not seem to have wished to consider how far the Security Council could in reality be expected to act as a body united by a higher responsibility for world peace and security, and how far its performance would inevitably be limited

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and its unity denied by the conflicting national interests of its members. Thus, from the outset the various conflicts between the interests of its members, and especially those arising from the cold war, have often made it difficult, if not impossible, for the Council to fulfill its true role. In times of crisis, the separate lines of individual national interest have tended therefore to come together, if at all, only in cautiously worded and sometimes ambiguous resolutions of the Council or in a more or less vague delegation of responsibility to the Secretary-General.

V

Since 1945 there have been several significant wars and a large number of smaller conflicts. The efforts of the Council to deal with these situations have varied from ineffectiveness, as in Vietnam, to painstaking and ultimately successful efforts to contain conflict in various parts of the world, sometimes through the new and improvised technique of peace-keeping. Chapter VII of the Charter, the enforcement chapter, has been invoked as an admonition on one or two occasions, and, with indifferent success, as a basis for economic sanctions, including arms embargoes, in relation to Rhodesia and South Africa. But, with the constitutionally unusual exception of Korea in 1950—when the Soviet Union was boycotting the Security Council—it has not been applied to field an army that would stop a breach of the peace or act of aggression by force. In effect, the political circumstances of the postwar world, and in particular the East-West conflict, have made it impossible for the international community to use to the full the system for maintaining international peace and security laid down by the Charter, especially when it comes to stopping wars.

Nonetheless, the United Nations has on many occasions shown itself to be of great usefulness in crises which threaten to escalate to the global level. We have already noted examples from the 1950s, in the Hammarskjöld period. After his death, the United Nations played an essential role in the Cuban missile crisis in 1962, not only in providing the forum where both sides could expound their positions publicly but also in suggesting, through letters from Secretary-General U Thant to Chairman Khrushchev and President Kennedy, steps that might be taken simultaneously by both sides to de-escalate the crisis. These suggestions, coming from a respected and impartial third party, were accepted and contributed in an important way to the resolution of the crisis.

The United Kingdom in 1964 brought to the Security Council the problem of Cyprus, then in a state of violent civil war, and since then the Council and the Secretary-General, through a

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peace-keeping force and a series of mediation, good offices and negotiating efforts have played a central role in controlling the local situation and in searching actively for a lasting settlement of the problem. Although violently interrupted by the events of 1974, these efforts continue. The India-Pakistan war of 1965, which constituted a potentially grave threat to the peace, came to an end due to the efforts of the Secretary-General and the Security Council, who also arranged and supervised the cease-fire pending the return of the armies to the original lines and frontiers.

On the other hand, the Middle East war in 1967, preceded by the withdrawal of UNEF I—again an episode whose origins and nature are widely misunderstood—was certainly a grave setback. In 1971, despite the urging of U Thant, the Organization's failure to face up to the dangers of the war between India and Pakistan, until much too late did it no credit either. And in Vietnam, again despite U Thant's personal efforts, the United Nations could do little or nothing in face of the positions of the great powers involved.

The uneven record of the Security Council in the 1960s has continued through the decade of the 1970s. Certainly, its inherent usefulness in a situation threatening to involve the nuclear powers was forcefully demonstrated by its role in bringing a halt to the 1973 Middle East fighting. Here, the apparent danger of the increasing involvement of the Soviet Union and the United States added momentum to the unanimous effort of the Security Council to bring the fighting to an end, first by demanding a cease-fire and, when that failed to halt the hostilities, by interposing a peace-keeping force—UNEF II. This force, mustered and deployed with great speed by the Secretary-General, provided the practical basis for the further disengagement agreements negotiated by Secretary Kissinger.

A year later, however, the Council's inability to preempt disaster in Cyprus (again to some extent the result of reluctance by some members) raised new doubts about its reliability as a peace-keeping instrument if faced with determined opposition. The balance was somewhat restored by the Council's rapid intervention in south Lebanon in 1978 and once again shaken by its incapacity to influence events in Indochina and Afghanistan in 1979, or to come to effective grips in 1980 with the war between Iran and Iraq.

Looking back over these last two decades, one can conclude that the Security Council has for the most part provided the machinery

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and face-saving devices for stopping wars when the parties were hopelessly deadlocked or when the great powers acted in concert in applying political and other pressures for a cease-fire. But the Security Council has proved unable to stop wars as long as one of the parties thought that it was in a position to impose its will on the other without running serious risk of intervention by the major powers. Once a certain stage of escalation is reached, it may be too late for the Security Council to take effective action. This realization has been the major cause of the prevailing disillusionment and skepticism. It should also be a cause for the deepest anxiety, since, if history is any guide, we shall not forever escape a sudden and unexpected threat to world peace too strong to be dealt with by the desperate last-minute efforts within and outside the United Nations which have so far been effective in preventing limited regional conflicts from escalating into a global war.

In cases where the great powers have been involved and have recognized that their interest in the restoration of peace transcends other considerations, the United Nations, and especially the Security Council, has had important successes in precisely this kind of last-resort global crisis management. This is perhaps the most important achievement of the Organization in maintaining international peace, and it is one too little recognized. On many occasions when regional conflicts have shown signs of leading to confrontation between the nuclear powers, those powers have very effectively used the machinery of the Security Council as a device for altering course away from confrontation. The 1962 Cuban missile crisis and the 1973 Middle East war mentioned earlier are only two examples among many of this vital function of the United Nations system. In fact the United Nations can be and has been on many occasions an invaluable refuge in the new and terrifying situation created by nuclear armaments.

The Security Council has been less successful in dealing with wars between smaller powers, at best usually providing the pretexts under which exhausted combatants can agree to a cease-fire and sometimes to a peace-keeping arrangement, or stepping in when the war has threatened to involve the major powers. The Council has never actually *stopped* a war by force, and its capacity for mediation and negotiation has seldom proved persuasive enough to forestall the conflicts of determined adversaries or even to terminate them in any decisive way. Nor has the Council generally proved effective in bringing the necessary pressure to

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bear to enforce its own decisions. It can be, and is, easily defied by a determined government with a mind of its own.

VI

Is it realistic to suppose that the Security Council will be able, in the foreseeable future, radically to improve the quality of its guardianship of international peace and security? It is customary to answer this question by suggesting that the peace-keeping and mediating capacity of the United Nations be increased and rendered more effective, or that in some unexplained way the Secretary-General should act more decisively. Such suggestions avoid the basic issue, which is one of governmental intention and will.

It is understandable enough that governments who have an adventure in mind and believe they are strong enough to carry it through do not come first to the Security Council. It is also often difficult for governments who suspect they may be threatened to come to the Council in time, for this may trigger off the very threat they are trying to avoid. The permanent members of the Council, however, with their special position and responsibilities, might be expected to be looking for means to overcome these problems in the interests of preserving the wider peace.

Current experience seems to show the opposite tendency. Indeed, there appears to be an increasing reluctance to mobilize the Council in situations where there is a clear danger of conflict or even when fighting has actually broken out. Recently it took several initiatives by the Secretary-General in the form of letters to the Security Council President to bring the Council even to consult upon the Iran-Iraq war, on which the Council finally supported the Secretary-General's initiative to send to the area a Special Representative, Olof Palme of Sweden, to pursue a peaceful settlement. There was a somewhat similar reluctance over the violent situation in Lebanon in the mid-1970s, which the Secretary-General also brought to the Council's attention. Lebanon came formally onto the Council's agenda only after the Israeli military intervention in south Lebanon in 1978. It was also the Secretary-General, in the absence of an initiative by any of the members, who brought the Cyprus situation to the Council during the disasters of 1974 on the island—a situation incidentally with which the United Nations was intimately concerned because of the presence of a U.N. peace-keeping force there.

What are the springs of this reluctance, especially among the permanent members of the Council, which so often debilitates the capacity of the Security Council to carry out its primary function,

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the maintenance of international peace and security? The natural human tendency not to get involved in trouble in the hope that it will somehow go away certainly affects many governments, but this is surely not the real problem. The ramifications of the international relationships of most major powers nowadays are so complex as to make them often reluctant in many situations to take a firm stand on one side or the other, or on a matter of principle. "What will it do to our relations with 'X'?" is at the root of much of the expediency which gnaws at the basic principles of the Charter. Domestic politics also play a primary role in involvement or noninvolvement in most international questions.

The permanent members of the Security Council are certainly also inhibited by their relationship with each other. On a wide variety of international conflicts or potential conflicts, it is axiomatic that the East will be on one side and the West on the other. If a forthright resolution is before the Council on such matters, it is therefore likely to be vetoed by one side or the other. Permanent members are naturally cautious about precipitating such a situation, which publicly displays the built-in limitations of the Council. Nor are they eager to find themselves outvoted by a majority opposed to their policies, forcing them to use the veto in a politically damaging manner. On the other hand, the Council is capable on occasion of responding unanimously to a serious situation, as for example over the American hostages in Iran or in the recent call for a cease-fire in Lebanon.

Other groups of members also have problems about resorting to the Security Council. There is a natural desire that regional problems should be handled, if at all possible, by regional organizations. Indeed, the Charter provides for this. This sometimes means that a regional organization holds on to a problem too long before admitting that it may require treatment in the wider context of the United Nations. There seems no good reason why the action of regional organizations should not, when necessary, be reinforced by partnership with the Security Council. The relationship should be a mutually supportive one.

Moreover, governments as a rule prefer to solve their problems by the most direct possible method and if possible without the publicity, not to mention the political involvement, that is inevitable in a recourse to the Security Council. This is a perennial reason why serious problems tend to be brought before the Security Council only at a late stage when they are correspondingly more difficult to deal with.

All this being said, the question inevitably arises whether gov-

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ernments really believe in the machinery they set up after the last world war or indeed in collective action for the maintenance of peace through the United Nations, except when things have come to such a pass that there is no other resort or alternative. It is well to recall that a basic lack of confidence in collective action, more than anything else, effectively killed the League of Nations and led to World War II. Will history repeat itself? This question is important unless one assumes that the United Nations—or any other fledgling system of world order for that matter—is a quixotic and fundamentally superfluous activity to which lip service must be paid while the real business of international relations goes on elsewhere. We have surely had enough lessons in this century alone to show that this is an extremely short-sighted and dangerous belief.

The Security Council has certainly developed and changed since the public confrontations, dramas and walkouts of its earlier days. It is a more cautious, less dramatic body than it was, and it is worth considering the advantages and disadvantages of this tendency in terms of its future development. A large proportion of the Council's working time is now spent in informal consultations in a room recently built for this purpose—and in waiting for those consultations to start. In fact, the Council now almost never holds a public meeting without consulting informally in advance, collectively and in smaller groups, on the scenario and the decisions to be taken. Sometimes the consultations maximize the Council's reluctance to meet to the point where it decides not to meet publicly at all. On such occasions it is in effect reduced to mumbling behind closed doors on issues affecting international peace and security—which does little to increase its prestige or the public respect in which it should be held. Although this trend tends to increase the role of the Secretary-General in international crises—and Secretary-General Waldheim has made persistent efforts to provide leadership and initiative in successive crises—it does not provide him with the strong and consistent backing necessary for his effectiveness in difficult situations.

If the consultation process, in which the Council members discuss matters very frankly and informally, in the end has the effect of consolidating the will of the Council and turning it into the united peace-maintaining body it was originally set up to be, it will prove to have been an important stage in the Council's development. If on the other hand the consultation process is principally a means of escaping public disagreement and adopting an increasingly expedient and evasive approach to world prob-

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lems, it may in the end reduce the Council to a level of impotence and disrespect from which it will not be able to recover in time the influence necessary to play a decisive role in a desperate crisis.

VII

Experience shows that governments can sometimes overcome their doubts and reservations about collective action and work together through the Security Council if the situation demands it. Governments, and especially the members of the Security Council, have already gone a long way in developing the habit and practice of cooperation. Lack of confidence in each other or in the United Nations or insuperable conflicts of interest, often tend, however, to delay or impede their cooperation. It is here that a higher development of the international will and intention of which Hammarskjöld spoke could serve to direct and coordinate the separate and often tangled strands of national interest for the general good and, if necessary, for the general salvation.

At present, in times of crisis, it is normally left to the Secretary-General to try to articulate in the first instance a general United Nations view to which all can rally. On matters of peace and security the Security Council has a primary responsibility for articulating the general intention and acting for the general good—a responsibility which it sometimes can fulfill and at other times can not.

The Security Council as it now exists is an experienced body of highly competent and responsible professionals, accustomed to working with each other and to discussing serious matters in a constructive and non-polemical way—but mostly behind closed doors. The expertise which has been built up over the years has often proved indispensable in times of crisis—far more indispensable than is generally recognized—in reducing the heat and friction of dangerous situations to a safer level, in giving tempers time to cool and in pointing the way to honorable and acceptable solutions. This rational and responsible work deserves greater public recognition as a reassuring factor in an uncertain and anxious world. The working relationship between the Council and the Secretary-General has also developed in recent years into a mutually supporting partnership which can be extremely valuable in critical times.

But conflicting national interests remain an insuperable obstacle to the workings of the instruments for peace set up in the United Nations Charter 36 years ago. Sooner or later, the human community will be faced with a situation where world peace—and

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perhaps survival—will depend on the governments concerned in an acute crisis giving priority to the general international good rather than to specific national interests. When that time comes, it seems likely that the Security Council will be the best instrument through which the crucial choice can be made. At such a critical time, much will obviously depend on the stature and international reputation of the Security Council and on the value and reliance which governments place on it as the primary instrument for peace it was originally intended to be. Its performance and the public assessment of that performance will then be essential factors in the outcome of a situation which may well affect the whole future of humanity.

Renewed attention should be given to the fundamental importance of the Security Council in its basic role. The noble words of the Charter about the primacy of the task of maintaining international peace and security were not idle rhetoric, but the fruit of bitter experience. Dag Hammarskjöld was not a power-hungry egomaniac, but a deeply responsible man of great vision and compassion who desperately wanted to strengthen the United Nations as a protection and insurance against the great storms of the future. We have survived for more than 36 years without a world war owing to a variety of factors including the existence and activities of the United Nations. But the balance is still precarious. Is it not time to take a new step to a less haphazard and less risky future?

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Charles C. Moskos

MAKING THE ALL-VOLUNTEER FORCE WORK: A NATIONAL SERVICE APPROACH

Since January 1973 the United States has sought to accomplish what it has never attempted before—to maintain an active-duty military force of over two million, along with an expanded reserve system, on a strictly voluntary basis. The effort has met with mixed reviews; in the nearly nine years since conscription ended, the All-Volunteer Force has been analyzed, attacked and defended in a seemingly endless series of books, reports, articles and congressional hearings. While the factual outlines of the AVF's performance are fairly clear, there is sharp disagreement regarding both its progress and potential as a tool of national defense. On one side, there are those who believe that the AVF is a success which requires only incremental changes in management policies and recruitment incentives to be fully effective. On the other, there are those who view the program as a costly failure, and see little prospect of a viable defense without some form of compulsory military service.

I place myself in neither camp. In contrast with both the proponents of the present AVF and the bring-back-the-draft traditionalists, I argue for a fundamental shift in our understanding of the AVF, anchored in the concept of voluntary national service. My proposal is premised not only on a moral preference for a socially representative military force, which the current AVF has shown itself unable to provide, but also on the practical desirability of a recruitment system which reaches beyond the one-dimensional incentives of the marketplace. By combining a voluntary civilian service plan, a renewed set of educational benefits similar

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to the old "GI Bill," and a new, two-track military personnel and compensation system, a national service AVF could be expected to address all of the major manpower difficulties which now face our military, and to do so within the limits of current spending.

II

Let us turn briefly to the facts of the AVF experience. Although it is rarely discussed, the most important single impact of the shift to an AVF has been on military force levels. While the end of the Vietnam War might have brought some reduction in any event from the overall active-duty force level of 2.6 million that obtained in the early 1960s, unquestionably the shift to the AVF has imposed constraints that have played a significant part in the reduction to the present level of slightly over two million in 1981.

Even at this reduced level, with attendant understrength units, AVF recruiters must strain to meet their quotas; the military must still recruit between 350,000 and 400,000 enlisted persons annually, and must do so, moreover, against new and higher rates of attrition. One in three service entrants in the current AVF does not complete initial enlistment obligations for reasons of job inaptitude, indiscipline, personality disorders and the like, and desertion rates are double those of the pre-Vietnam period. Growing numbers of essential skilled technicians are leaving the military for civilian jobs. And perhaps nowhere has the numbers dilemma hit harder than in Army reserve components, where force levels stand far below the manpower requirements set by Congress.

The effect of these numerical weaknesses has been compounded by an accompanying decline in the quality of manpower in the current AVF. In terms of mental aptitude, the number of military entrants who placed in the highest two testing categories fell from 39 percent in 1964 to 26 percent in 1980. Similarly, the number of recruits who placed in the lowest acceptable category rose from 15 percent in 1964 to 33 percent in 1980. This decline in quality is also reflected in the amount of education which new recruits bring with them to the service; less than half of the Army's male recruits in 1980 came in with a high school diploma, and the college-educated enlisted man has virtually disappeared.[1] Since

[1] Partial figures for 1981 show an increase in the number of recruits with a high school diploma, an outcome largely due to the high youth unemployment rate. Even without an upturn in the economy, two trends will make AVF recruitment more difficult in the near future. One is the Reagan Administration's plan to add an estimated 200,000 people to the active-duty force. The other is the shrinking cohort of males eligible for military service; from a 1980 total of 2.1 million reaching age 18, the number will drop to 1.7 million by 1990.

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the draft ended, furthermore, the proportion of young marrieds in the junior enlisted force (now of course including a larger number of women) has about doubled. This shift is especially noteworthy in that it runs directly counter to national patterns, where the clear trend has been toward later marriage.

Perhaps the most frequently raised concerns regarding the current AVF involve questions of racial and ethnic representation. The various services differ in their racial composition; including both officers and enlisted personnel, blacks accounted for 29.7 percent of the Army in 1981, 20.4 percent of the Marine Corps, 14.3 percent of the Air Force, and 10.6 percent of the Navy. A disproportionately white officer corps with a disproportionately minority enlisted component will be one of the sociological considerations in the military leadership of the 1980s. The issue of racial content has been most prominent in the largest of the services, the Army. Blacks made up 11.8 percent of Army enlisted personnel in 1964, 17.5 percent in 1972, and 32.9 percent in 1981. Total minority content—blacks, other non-whites, and Hispanics—comprised 41.2 percent of the Army's enlisted ranks in 1981.

To move once more beyond numbers alone, it is revealing to examine the relative quality of recruits from the different racial categories. It is a well-recognized fact that the educational levels of blacks in America have trailed behind those of whites. But the intersection of race and education is quite different among entrants in the all-volunteer Army. Since the end of the draft, the proportion of male entrants with a high school diploma has been 64 percent for blacks compared with 53 percent for whites. In fact, the enlisted ranks of today's Army are the only major arena in American society where black educational levels surpass those of whites, and by a significant degree.[2] Whereas the black soldier seems fairly representative of the black community in terms of

[2] Corroboration of the finding that minority youth entering the AVF come from higher socioeconomic backgrounds than white entrants is found in an extensive survey of youth participation in the labor market. See Choongsoo Kim, et al., *The All-Volunteer Force: An Analysis of Youth Participation, Attrition, and Reenlistment*, Columbus: Ohio State University, Center for Human Resource Research, 1980, mimeographed.

An oblique though interesting datum on social trends in the AVF is found in prison statistics. From World War II through the Vietnam War, military veterans have comprised a much smaller share of the prison inmate population than their proportion in the general population. This historical pattern is reversed for those under age 24 years. "The age group that showed an overrepresentation of veterans in jail was composed largely of those who had joined the armed forces as volunteers *after* the end of the draft and the end of U.S. military involvement in Vietnam. Black inmates were less likely to be veterans" (italics in the original). U.S. Department of Justice, Bureau of Justice Statistics, *Profile of Jail Inmates*, National Prisoners Statistics Report SD-NPS-J-6, Washington: GPO, October 1980. I am indebted to Albert D. Biderman for bringing this information to my attention.

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education and social background, recent white entrants are coming from the least educated sectors of the white community. In other words, the all-volunteer Army is recruiting not only a disproportionate number of minorities, but also an unrepresentative segment of white youth, who are more uncharacteristic of the broader social mix than are our minority soldiers.

The rising minority content in the Army actually masks a more pervasive shift in the social class bases of the enlisted ranks. There can be no question that since 1973 the Army has undergone a social transformation in its enlisted membership; the real question is how high-powered commissions, well-financed studies, and Department of Defense assessments have come up with the opposite conclusion.[3] To foster policies that accentuate the tracking of lower-class youth into the military, especially the ground combat arms, is perverse. This is not to argue that the makeup of the enlisted ranks should be perfectly calibrated to the social composition of the larger society, but it is to ask what kind of society excuses its privileged from serving in its military.

The military has always recruited large numbers of youth, of all races, who had no real alternative job prospects; it will always continue to do so. But present trends toward labeling the Army as a recourse for America's underclasses are self-defeating for the youth involved, because they directly contradict the premise that military participation is one of broadly based national service. Whatever success the military once had as a remedial organization for deprived youth derived largely from its association with positive ideals, such as national defense, patriotism, citizenship obligation, even manly honor. In other words, those very characteristics of military service which serve to resocialize poverty youth toward productive ends depend directly upon public perception of the armed forces as other than a welfare agency or an employer of last resort. It will be increasingly difficult for the AVF to avoid such a characterization, even if unfair, unless enlisted membership reflects more of a cross-section of American youth.

[3] "There is no evidence to suggest that the armed forces are now or are in danger of becoming a 'poor man's Army.' " Defense Manpower Commission, *Defense Manpower*, Washington: GPO, 1976, p. 176. "The evidence presented here thus shows that the American military has not been nor is it becoming an army of the poor or the black." Richard V.L. Cooper, *Military Manpower and the All-Volunteer Force*, Santa Monica (Calif.): Rand Corporation, 1977, p. 231. "The quality of the active force is generally comparable with that of the draft era. . . . Concerns that the active force would not be representative of the society at large have not yet materialized." Office of the Assistant Secretary of Defense for Manpower, *America's Volunteers*, Washington, 1978, mimeographed, p. 162. "Current mental and physical standards for both enlistment and reenlistment are higher now than during the draft or the early days of the AVF." *Annual Report of the Secretary of Defense, FY 1979*, Washington: GPO, 1978, p. 331.

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It can no longer be a question that the enlisted ranks of the AVF are much less representative of middle-class youth than the military of the peacetime draft era. It is, however, another kind of question whether this is good, bad or irrelevant.

The strongest evidence bearing upon the effects of social background on soldierly performance deals with enlisted attrition. The striking finding is that high school graduates are twice as likely as high school dropouts to complete their enlistments. Most revealing, this finding changes little when mental aptitude is held constant. Analyses of enlisted evaluation reports show the same pattern—high school graduates significantly outperform high school dropouts; higher mental levels do better than lower mental levels, but education is a much better predictor than measures of mental aptitude. Studies of unauthorized absences and desertions also show that such behavior is most likely to occur among those who have the least education, have come from broken homes, and have been in trouble with the law before service entry.[4] The evidence is clear, furthermore, that on measures of enlisted productivity, higher educated service members do better not only in high-skill jobs, but in low-skill jobs as well.[5]

Easily the most crucial aspect of military manpower is the effect of social composition on combat performance. From a historical standpoint, the evidence is clear that military participation and combat risks were more equally shared by American men in World War II than in either the wars of Korea or Vietnam. (The draft per se is thus no guarantee that there will be class equity in military participation.) In fact, soldiers in World War II reflected a higher socioeconomic background than that of the general population. More to the point, careful studies of combat soldiers in World War II and the Korean War showed that, in the aggregate, soldiers with higher education were rated as better fighters by peers and immediate superiors.[6]

By no means does being middle class or educated make one braver or more able; there are many outstanding members of the

[4] Timothy F. Hartnagel, "Absent Without Leave: A Study of the Military Offender," *Journal of Political and Military Sociology*, Fall 1974. D. Bruce Bell and Beverly W. Bell, "Desertion and Antiwar Protest," *Armed Forces and Society*, Spring 1977.

[5] Those scoring higher on entrance tests are also more likely to pass the military skill qualification tests, which measure ability to perform common military jobs. U.S. Department of Defense, *Implementation of New Armed Services Vocational Aptitude Battery and Actions to Improve the Enlistment Standards Process*, Report to the House and Senate Committees on Armed Services, Washington: GPO, December 1980.

[6] For the World War II data, see Samuel A. Stouffer, et al., *The American Soldier: Combat and Its Aftermath*, Princeton: Princeton University Press, 1949, pp. 36–41. On the Korean War, see Roger L. Egbert, et al., *Fighter Spirit: An Analysis of Combat Fighters and Non-Fighters*, Human Resources Research Organization, Technical Report 44, Washington, 1957, mimeographed.

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AVF who come from impoverished backgrounds. But our concern must also be with the chemistry of unit cohesion, which requires an optimum blend of talents and backgrounds. Research evidence serves to confirm the observations of commanders and non-commissioned officers (NCOs) who remember the draft period: middle-class and upwardly mobile youth enriched the skill level and commitment of military units in peace as well as in war.

III

The 1970 Gates Commission Report, which established the basis for the current AVF, was underpinned by a marketplace philosophy.[7] A pattern was set and adopted by which primary reliance for manning the AVF was to be placed upon supply and demand variables in the labor force.[8] This implied a redefinition of military service away from an institutional format to one more and more resembling that of an occupation.

Such a redefinition of military service must necessarily be based on a set of core assumptions. First, that there is no analytical distinction between military systems and other systems—in particular, no difference between cost-effectiveness analysis of civilian enterprises and military services. Second, that military compensation should as much as possible be in cash, rather than in kind or deferred (thereby allowing for a more efficient operation of the marketplace). Third, that social cohesion and goal commitment are essentially unmeasurable (therefore an inappropriate object of analysis). And fourth, that if end-strength targets are met in the AVF, notions of citizenship obligation and social representativeness are incidental concerns.

The fixation on end-strength figures is the hallmark of the econometric approach to military manpower. It is disconcerting to hear manpower policymakers assert that attrition is not a problem as long as end-strength goals are reached. This view has led the Department of Defense to adopt a sieve model of recruitment: those who cannot perform are screened after service entry on the grounds that this is more cost-effective than denying enlistment to some who might perform. Such a policy ignores the tremendous organizational costs on the military system caused by excessive personnel turbulence, not to mention the human costs of

[7] *The Report of the President's Commission on the All-Volunteer Force*, Washington: GPO, 1970.

[8] Representative of the marketplace viewpoint of military service are: Cooper, *op. cit.*; Sar A. Levitan and Karen Cleary Alderman, *Warriors at Work: The Volunteer Armed Force*, Beverly Hills (Calif.): Sage, 1977; Martin Binkin and Irene Kyriakopoulos, *Paying the Modern Military*, Washington: Brookings Institution, 1981.

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accepting and then expelling marginal recruits. It is perplexing when policymakers attribute the difficulties of the AVF to congressionally set recruitment standards, rather than reexamining their own agnosticism on the correlation between manpower quality and mission performance.

Even on its own terms, there are serious questions as to the efficacy of such a market-oriented, econometric approach to the AVF. Large raises in military pay for lower enlisted personnel, a central Gates Commission recommendation, were envisioned as the principal means to induce persons to join the AVF. The real disposable income of junior enlisted members, as a result, is now two and a half times what it was during the peacetime draft. With the pay raises projected for the fall of 1981, a private first class who lives off base will be making over $1,000 monthly. This has turned out to be a double-edged sword, however. Youth surveys show that pay motivates less qualified youth (for example, high school dropouts and graduates with poor grades) to join the armed services more than it does college-bound youth.[9]

Any policy based on increases in pay to the lower enlisted ranks will only aggravate the present trend to recruit at the margin (i.e., to get a higher proportion of less qualified youth). Moreover, this "front loading" of compensation toward the junior ranks has dramatically compressed the pay scale of the enlisted force. In the 1960s, the basic pay of a sergeant major with 26 years of service was better than seven times that of an entering recruit. Since the end of the draft, that same sergeant major makes only three and a half times the pay of the recruit. Non-commissioned officers could once measure their incomes and perquisites against those of the soldiers they led, and feel rewarded; now they see a relative decline of their status within the service and compare their earnings against civilians, and feel deprived.

The solution to the AVF's manpower problems will not be found in "catch-up" across-the-board pay raises. We confront the anomaly that retention was actually higher in the pre-Vietnam era, when the buying power of the career force was less than it is

[9] According to surveys conducted by a research organization under contract with the Department of Defense, a hypothetical $150 increase in monthly recruit pay (approximately a 30 percent pay raise) increases the reported enlistment propensity of high school dropouts by 24 percent compared with 13 percent for college students. Market Facts, *Youth Attitude Tracking Study*, Washington: 1978, mimeographed. In interpreting this survey finding, moreover, it must be remembered that *to begin with* high school dropouts are seventeen times more likely to join the Army than are those with some college. An excellent summary of the surveys pertaining to enlistment attitudes is David R. Segal, "Military Service in the 1970s: Attitudes of Soldiers," in Allan R. Millett and Anne F. Trupp, eds., *Manning the American Armed Forces*, Columbus: Mershon Center of Ohio State University, 1981, pp. 43-63.

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today. In addition, there is some question whether military pay at the junior enlisted level has in fact lagged behind civilian wages in the latter part of the 1970s.[10] But it must also be kept in mind that service benefits and entitlements cannot be maintained at present levels if military salaries are really to be competitive with steadily rising civilian wages. The heightened concern of military members with compensation in recent years, moreover, can be attributed at least in part to the overtly monetary emphasis that has prevailed in the implementation of the AVF.

What about management steps to improve manpower utilization within the all-volunteer framework? Unfortunately, few proposals in this vein—a kind of sub-optimal approach—address the core issue: getting young qualified men into the combat arms and related tasks. Neither lowering physical or mental standards, nor increasing the number of women, nor greater reliance on civilian personnel or older military personnel, suits the imperatives of the combat arms, warships and other deployable units.

Underlying many of the difficulties of the AVF is a source of enlisted discontent that had no real counterpart in the peacetime draft era. This is post-entry disillusionment resulting from unrealistic expectations as to what the military would offer. The peacetime draftee never held high expectations about what he would encounter, and therefore was not unpleasantly surprised; indeed, he might often—at least in hindsight—find the Army favorable on its own terms. Recruitment for the AVF, however, has consistently stressed the self-serving aspects of military life—that is, what the service can do for the recruit in the way of pay and training in skills which are transferable to civilian jobs. Post-entry disillusionment speaks directly to the excessive attrition rate. The irreconcilable dilemma is that many assignments—by no means exclusively in the combat arms—do not have transferability to civilian jobs.

IV

The difficulties of the AVF have led to renewed talk of restoring conscription. Yet that prospect is filled with complications and uncertainty. To have a workable conscription first of all requires a national consensus as to its need, especially within the relevant

[10] It has become part of accepted wisdom that civilian pay raises have exceeded those of the military during the latter part of the 1970s. A report of the General Accounting Office states, however, that from 1976 to 1980, enlisted military pay increased 45 percent versus 28 percent for civilians. *Preliminary Analysis of Military Compensation Systems in the United States and Five Other Countries*, General Accounting Office, 1980, p. 6.

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youth population. Yet such a consensus does not presently exist, even in the wake of events in Iran and Afghanistan; a draft could lead to turbulence on college campuses, and might once again make ROTC units an object of attack as they were during the Vietnam War. If compulsion is used, moreover, many will attempt to avoid induction, and a host of additional problems will arise. Even under a seemingly "fair" system such as a lottery, decisions will have to be made regarding conscientious objection, the genuineness of physical disabilities, or special hardship factors; as experience has shown, inequities could be expected on a broad number of fronts. That the rate of non-compliance under the reintroduced draft registration of 1980 will probably never be known does not inspire confidence that a new system of conscription would be either fair or efficient.

A return to the draft, furthermore, would pose anew the question of who will serve when most do not. One of the factors that worked to legitimize the peacetime draft during the 1950s was that, due to a small youth cohort (the maturing "Depression babies") and the large size of the active force, over three-quarters of eligible men served in the military. In fact, a higher proportion of men were actually drafted in the peacetime 1950s than during the Vietnam War. Under present manpower requirements, on the other hand, only about one in five males would be drafted or otherwise serve in the military, and the question of who should go could be expected to call forth serious controversy; even the Reagan Administration's planned increase of 200,000 in the active-duty force, and the slowly dropping annual cohort of males eligible for military service, would not mean that the ratio of males serving in the military would rise above roughly 25 percent of the total cohort. Only a small and, by definition, unlucky group would ever be called to serve.

These two difficulties alone seem to me to make a return to conscription a highly dubious remedy. Although I am one of those former draftees who look upon conscription as a moral good, a bungled draft would leave us in even worse straits than the undesirable status quo. In a peacetime situation, we must make the AVF work, rather than find ourselves embroiled in a debilitating debate over conscription.

V

The central issue remains: *Is there a way to meet military manpower needs without direct compulsion or excessive reliance on cash inducements for recruits*? I believe there is. First, link all federal aid for higher

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education to a program of voluntary national service, including military-reserve duty or civilian work. Second, introduce a renewed set of educational benefits—a new "GI Bill"—for the AVF. Third, construct a two-track military personnel and compensation system which differentiates between a short-term volunteer and a career service member who makes a long-term commitment. Together, these proposals deal with the "three R's" of military manpower: recruitment, retention and the reserves. Their total cost, moreover, could easily be contained within present federal outlays, and would probably be lower.

The framework advanced here departs from the systems analysis and labor substitution approaches to the AVF. The starting point is not how empty spaces are to be filled, but rather how substantial and representative numbers of American youth can serve their country. To stretch a little and to borrow from the fashionable economic terms of the moment, I am suggesting a supply-side rather than a demand-side model of military manpower.

Relating Educational Benefits to National Service. Two major barriers to more effective recruitment have been the elimination of the GI Bill in 1976 and concurrent expansion of federal assistance to college students. Congress thus created a system of educational benefits which offers more to those who do not serve their country than to those who do. Under the Veterans Educational Assistance Program (VEAP), which replaced the GI Bill, the government matches, within prescribed limits, voluntary contributions made by service members. It is estimated that governmental expenditures for VEAP will be under $90 million annually. In comparison, federal aid to college students exceeded $5.2 billion for 1980 alone.[11]

The funds allocated to civilian students in major assistance programs in 1980 (in billions) were: Pell Grants (formerly Basic Educational Opportunity Grants), $2.444; Supplemental Educational Opportunity Grants, $0.301; College Work-Study Programs, $0.550; National Direct Student Loans, $0.301; and Guaranteed Student Loans, $1.609. With passage in 1978 of the Middle Income Student Assistance Act (MISA), eligibility for Pell Grants can extend to families in the upper half of the income distribution. Also under MISA, there was no need requirement for the Guaranteed Student Loan Program; even with the restrictions on college aid just approved by the 97th Congress, students from families

[11] It is estimated that total expenditures for federal student aid will exceed $9 billion for fiscal year 1981. Sharon House, *The Post-Vietnam Era Veterans Educational Assistance Program*, Washington: Congressional Research Office, May 11, 1980, mimeographed.

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earning up to $30,000 a year would still automatically qualify for federally guaranteed loans. Another federal program was started in 1981 known as PLUS or Parent Loans for Undergraduate Students; this, in combination with student loans, makes it possible to borrow up to $5,500 for one individual in the same academic year with little or no need requirement. The Work-Study Program, in addition, is becoming a major source of graduate student support. Such governmental policies can hardly be thought of as part of a poverty program. In effect, we have created a GI Bill without the GI.

It is surprising that no public figure thought to tie such student aid to any service obligation on the part of the youths who benefit. On the contrary, the effect of present provisions for federal aid to college students runs, as we have just seen, exactly in the opposite direction, and this effect has not been significantly changed by the altered qualifications under the Reagan budget. To relate student aid at the college level to a service obligation is sound national policy from every standpoint, and indeed the higher educational establishment should take the lead in proposing such a linkage in order to legitimate student aid programs that vitally affect equality of opportunity for higher education.

Obviously, the program of voluntary national service proposed here would be a far-reaching step. Putting the necessary machinery in place probably should not be attempted initially on a full-scale basis. Rather, the program should be introduced step by step over, say, the next five years. In the interim, those who enlist in military reserve units or perform a term of civilian service would have priority for federal aid to college students; in time, participation in some form of national service would become a prerequisite for eligibility for federal post-secondary-school assistance.

The preferred conditions of such national service should be broad but light, rather than narrow but heavy. The aim is for inclusiveness in youth participation, but with maximum decentralization and minimum costs. The following is set forth as one way to meet these standards.

To be eligible for federal post-secondary educational aid, a young man or woman would be required to serve a short period—say three to six months, and perhaps not consecutively—in an unpaid capacity. Recruitment would be handled by voluntary associations, welfare agencies, nonprofit institutions, schools, recreational facilities, and the like. The range of tasks involved could include grooming care for the aged in nursing homes, teachers' assistance, monitoring safety on public transit systems, and even

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museum cataloguing. National service could also entail self-selected responsibilities, for example, driving the aged or handicapped to medical or shopping facilities.

Determining whether or not a specific task would meet service criteria would be the responsibility of local national service boards, whose members themselves would be volunteers (albeit not youth). Salaries would be received only by clerical help at regional board levels and staffers at a national headquarters office. The decentralized system of the old selective service boards is the obvious parallel.

From the viewpoint of the national server, the educational benefits would be substantial. Let us assume an annual outlay of five billion dollars (approximately the 1980 federal expenditures for college student aid) and one million national servers (a figure most likely too high). This would mean $5,000 in educational benefits to each recipient. (In 1980, some 2.2 million college students received federal aid for an average of about $2,500 each.)

To go a step further, one can envision a state of affairs in which national service, an earned attribute, would replace ascribed characteristics, such as race or sex, as the basis for affirmative action. At the least, persons who complete national service ought to have a priority in federal or other public employment. It may be that we can come to a realization that many of the things we need as a nation we can never afford to buy. If we are to have them, we must give them to ourselves.

Provisions of a GI Bill for the AVF. Along with linking federal educational assistance beyond high school to voluntary national service, we should introduce post-service educational benefits for members of the AVF along the lines of the GI Bill following World War II. In this way, maximum federal educational benefits would be allotted to those who serve on active duty. A person who enlists in the armed forces and completes an obligated period of active duty would receive three academic years of educational support for two years of service, or four academic years of support for three years of service. The entitlements of an AVF GI Bill would include the costs of tuition and fees up to $2,500 per academic year, and a subsistence stipend of $250 per month. Such entitlements would also require an appropriate reserve obligation, say three or four years, following active duty.

The maximum direct costs of such an AVF GI Bill would probably be under $1.2 billion a year.[12] There would also be

[12] The sum of $1.2 billion for total annual costs of the proposed AVF GI Bill is based on the following calculations. The sum to be received by each veteran who uses the GI Bill is estimated

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substantial offsetting reductions in the net costs thanks to a lower attrition rate, smaller recruitment outlays for both the active forces and the reserves, an end to VEAP, less loss time for unauthorized absences and desertions, and, most likely, fewer lower-ranking service members with families.[13] With these savings, the net costs of a GI Bill would be under $0.3 billion annually. Moreover, because members would not be eligible for GI Bill benefits until completion of at least two years of active duty, there would be no outlays whatsoever in the first phase of an AVF GI Bill. In point of fact, the initial two years of a GI Bill program would result in considerable savings in the military manpower budget.

At present it is a virtual article of faith among manpower analysts that bonuses are a more cost-effective enlistment tool than educational benefits. In 1981 the Department of Defense is seeking congressional approval of a $10,000 enlistment bonus—up from $5,000—for recruits who meet specified educational and mental test score standards and who are willing to join the combat arms for four years. Yet estimates are that one billion dollars annually would be required in enlistment bonuses to meet the new manpower quality standards set by Congress.[14] This is an expensive business. It represents in a particularly extreme form a reaching out for recruits for whom immediate and short-term economic incentives are paramount.

Even if costs are comparable, moreover, a GI Bill is still to be preferred over enlistment bonuses. Whereas a GI Bill carries with it the positive symbolism of one of America's most successful social

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at an average of $10,000. This was the estimate given by the Veterans Administration for S.2020, a GI Bill introduced in the 96th Congress which contained somewhat more generous entitlements than the one I have proposed. *Hearings before the Committee on Veterans' Affairs*, U.S. Senate, 96th Congress, 2nd sess., June 19, 1980, Washington: GPO, 1980, p. 25. In steady-state recruitment for a two million active-duty force, about 375,000 enlistees are required annually (less if attrition were lowered). About 60 percent of first termers—or 225,000 persons—will leave active duty as regular separations. Assume half of these—or 112,500 persons—will matriculate in college (a proportion higher than the national average). $10,000 times 112,500 approximates $1.2 billion.

Comparative costs of the World War II GI Bill are informative. The GI Bill of that era paid up to $500 per academic year for tuition, fees and books, plus a $75 monthly stipend for a single veteran. The costs of the World War II GI Bill came to about $2,500 per veteran (2,232,000 participants in higher education at a total cost of $5.5 billion). Multiply this sum by four to take inflation into account, and we also come up with a figure close to $10,000.

[13] Potential countervailing reductions in the annual costs of an AVF GI Bill would easily reach $0.9 billion. Each case of premature attrition costs the Defense Department $12,000. *High Cost of Military Attrition Can Be Reduced*, Washington: General Accounting Office, 1979, p. 7. A halving of the attrition rate (60,000 fewer attritees annually) would alone result in savings of $0.7 billion. If a lower-paid "citizen-soldier" track was introduced, there would be additional cost savings of several hundred million dollars annually.

[14] Congressional Budget Office, *Resources for Defense*, Washington: GPO, 1981, p. 87.

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programs, enlistment bonuses crassly emphasize the cash-work nexus. A GI Bill recipient can receive his or her entitlement only after completion of honorable service, while there is no practical way to recover bonus money from one who fails to complete an enlistment. In theory and practice, enlistment bonuses are inextricably linked with the strategy of recruiting at the margin; a GI Bill, in theory certainly, in practice to be determined, seeks to attract youths heretofore not in the recruitment pool. Enlistment studies do show that GI Bill-type incentives hold greater attractiveness than enlistment bonuses among both high school and college youth.[15] One way out of the conundrum of enlistment bonuses versus the GI Bill may simply be to offer enlistees an either/or choice.

One argument against the GI Bill is that it will reduce retention among first-termers the military would like to see remain in the service. It should be noted initially that retention losses in technical specialties have become more pronounced since the end of the Vietnam-era GI Bill in 1976. The obvious conclusion is that future pay raises should be aimed at the NCO grades rather than applied across the board. Furthermore, unlike enlistment bonuses, reenlistment bonuses are proper career incentives because they reflect demonstrated capabilities and past service. There is also historical evidence that some number of those who would not otherwise join the service except for a GI Bill would find themselves eventually entering the career force. A GI Bill could also create an entirely new source of prior-service entrants at the NCO or officer level: individuals choosing to return to active duty after college or technical training.

Special career provisions in conjunction with a GI Bill would complement, not undermine, retention incentives. There should be no cutoff date for GI Bill eligibility, thereby allowing career service members to take advantage of it. A career service member could use educational entitlements to take a "sabbatical" involving an engineering curriculum for future technical work in the

[15] For surveys of high school youth, see Market Facts, *op. cit.* Surveys of undergraduates at Northwestern University (private and predominantly white) and Morgan State University (public and predominantly black) in 1980 found that a four-year GI Bill—full tuition and stipend—in exchange for two years of military service had greater enlistment appeal than $2,500 monthly recruit pay. (The Morgan State data were collected by Professor Richard O. Hope of that university.) A discussion on the relative value of post-service educational benefits and high recruit pay is found in Jerald G. Bachman, John D. Blair, and David R. Segal, *The All-Volunteer Force*, Ann Arbor: University of Michigan Press, 1977, pp. 145–148. An insightful formulation of the issue is Morris Janowitz, "The Citizen Soldier and National Service," *Air University Review*, Nov.–Dec., 1979. See also John H. Faris, "The Military Occupational Environment and the All-Volunteer Force," in Millett and Trupp, *op. cit.*, pp. 31–41.

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military. Alternatively, a career service member might take out educational loans for college-age children which could be forgiven at certain rates in return for reenlistment commitments. Unlike straight GI Bill benefits which should be funded through the Veterans Administration, funding of in-service educational programs properly falls within the defense budget.

Two general principles should always be kept in mind when appraising recruitment and retention proposals. First, incentives for *initial recruitment* must be kept as simple as possible (almost as much for the recruiter's sake as for the recruit); "flexibility" in GI Bill proposals also means increased complexity for potential enlistees. Second, *reenlistment* incentives may be fairly involved with many choice points. One will never go wrong overestimating the grasp career service members have of compensation packages.

A GI Bill cannot simultaneously serve the purposes of both recruitment and retention. These two goals should be separated, lest we end up with a convoluted bill that serves neither. Recruitment must be the overriding intent of a GI Bill. It may help clarify matters to think of an AVF GI Bill as the functional equivalent of conscription. For even with a draft, retention problems would persist and have to be dealt with on their own terms; namely, by well-constructed career compensation and entitlement packages along with a public recognition of the service ethic in the armed forces. A GI Bill is not a cure-all for what ails the AVF. But it is a necessary step in the right direction.

Citizen Soldier and Career Soldier: Complementary Roles. The definitions of military service need overhauling as much as does the machinery of military recruitment. Under conscription, volunteers and those who were drafted served alongside each other in the enlisted ranks of the Army, although inevitably the peacetime "regulars," owing to longer terms of service, enjoyed a premium over draftees when it came to specialized training. Draftees took consolation mainly in that tours of duty were shorter. It is an illusion, however, to think that under the present AVF system there is a common basis of service. The need for special recruitment incentives has set up a built-in system of individual favoritism, as in the constantly changing enlistment bonuses and differential preferences for technical training based on educational level and test scores. We need to reduce the degree of committed specialization for single-termers to obtain an overall force whose members can be utilized more broadly. But at the same time, the definitions of service categories must both preserve the all-volunteer context and recognize that under a system of incentives, along the lines

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proposed herein, there will in fact be a difference in motivations between those who enter the military expecting to serve only a limited time and those who make a longer commitment.

To meet these needs the armed services should set up a two-tiered personnel and compensation system recognizing a distinction between a "citizen soldier" and a "career soldier." (Soldier as used here refers, of course, to sailors, airmen and marines, as well as Army troops.)

The career soldier would initially enlist for a minimum of four years. He or she would receive entitlement and compensation in the manner of the prevailing system, but there would be significant pay increases at the time of the first reenlistment and throughout the senior NCO grades. A basic purpose of the career track would be to decompress enlisted pay scales. Many career people would be trained in technical skills, though others would make up the future cadre in a variety of military specialties. In certain skill areas with extreme shortages, extra reenlistment bonuses will be required. Diverse educational options for the career force have already been mentioned. The career force must also be given improved housing and adequate reimbursement for reassignments that involve family moves. Steps such as these would go a long way toward the retention of the experienced and trained personnel required for a complex and technical military force.

The citizen soldier, on the other hand, would enlist for two years of active duty (the term of the old draftee) and be assigned to the combat arms, low-skill shipboard duty, aircraft security, routine maintenance, clerical work, and other labor-intensive tasks. Except for clerical work, these are the kinds of assignments in today's AVF where recruitment shortfalls, attrition and desertion are most likely to occur. Active-duty pay for the citizen soldier would be lower—say by one third—than that received by the career soldier of the same rank.* And, other than the GI Bill, the citizen soldier would receive no entitlements such as off-base housing or food allowances. This would reduce the frequency of marriage and single parents at junior enlisted levels and help restore unit cohesion in the barracks. With no presumption of acquiring civilian skills in the military, the terms of such service would be honest and unambiguous, thus alleviating a major

* *Editor's Note.* The proposed one-third differential has historical precedent that may be recalled by others as well as the Editor. In mid-1941, his pay as a drafted private was $21 per month; when he shortly enlisted as a private in the Regular Army to enter a particular specialty, it was raised to $30 a month. Even after adjusting for inflation, these pay rates are of course vastly lower than what would obtain now under the author's proposal.

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source of post-entry discontent in the AVF. A college or graduate education, or vocational training, in exchange for two years of active duty would be the means to attract highly qualified soldiers who can learn quickly, serve effectively for a full tour, and then be replaced by similarly qualified recruits. There is also the consideration that lower paid citizen soldiers might make a generous GI Bill more politically acceptable to the public and Congress.[16]

One feature of the two-track system presented here is that, because of the higher active-duty compensation in the career track, some of the two-year joiners will opt for the longer commitment once in the service. This will further reinforce retention in the career force. But the overwhelming number of citizen soldiers will undoubtedly leave active duty after two years and, if they take advantage of the GI Bill, go on to the reserves—a preferred outcome. For without much greater reliance on prior-service personnel, there seems to be no way to salvage Army reserve components in an all-volunteer context. The dominant econometric model of the AVF relies on the mistaken notion that long initial enlistments are always to be preferred over short enlistments. Thirty-six percent of all enlisted entrants in 1964 signed up for four or more years, compared with 61 percent in 1980. Yet with the high attrition rate, the personnel turnover is *greater* now than it was in the peacetime draft era.[17]

VI

Current discussion of the AVF has taken an easy path by largely repeating the debate that surrounded the end of conscription. But

[16] In August 1981, Lawrence J. Korb, the Assistant Secretary of Defense for Manpower, announced that the Reagan Administration would propose a GI Bill to Congress in early 1982 which would give maximum educational benefits to those who join the ground combat arms. This is a welcome initiative and reverses the Defense Department's previous resistance to an AVF GI Bill. Left unclear, however, is what enlistment length will be required for GI Bill eligibility and what the entitlements will be. An AVF GI Bill would have limited recruitment appeal unless two-year enlistees are eligible and the amount received significantly exceeds the federal college aid given to those who perform no national service. The proposal, moreover, would implement a partial GI Bill on top of large across-the-board salary increases and thus aggravate the present pay compression.

In addition, the proposal apparently limits GI Bill benefits to those enlisting in the ground combat arms, on the assumption that Air Force and Navy recruits acquire marketable skills. The underlying rationale is correct, but the particulars are questionable. It would be better to gear GI Bill benefits to all short-term volunteers who do not acquire marketable skills, regardless of branch or service. Most such enlistees in any event would be assigned to the ground combat arms, but many could serve effectively in non-technical positions in the Air Force or Navy. In the conscript-based forces of the Federal Republic of Germany and France, for example, draftees not only make up the majority of the army, but also comprise about 30 percent of the air force and 25 percent of the navy.

[17] Congressional Budget Office, *The Costs of Defense Manpower*, Washington: GPO, 1977, p. 24.

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the real choice is not between tinkering with the AVF status quo and bringing back the draft. The difficulties of the AVF do not stem from the absence of conscription; the crucial flaw is that the architects of the present AVF view military service primarily as a job to be filled by cash inducements. What passes for sophisticated econometric analysis cloaks an excessive reliance on simplistic market incentives. This has helped move the U.S. military from professionalism and institutional loyalty—the intangibles that sustain Americans in uniform—toward an organizational mentality more congruent with civilian occupations. It is this perspective which we must address; rather than looking backward toward the draft, we ought to look forward to a state of affairs where the model of the citizen soldier can be subsumed within a practical concept of voluntary national service.

The challenge for a viable AVF is to obtain the analogue of the peacetime draftee in the all-volunteer context. The AVF, if it is to survive, must attract middle-class and upwardly mobile youth who would find a temporary diversion from the world of school or work tolerable, and perhaps even welcome. This can be accomplished only if the AVF is placed in a new social and moral context, one which reconciles citizen rights with citizen duties. Rotating participation of middle-class youth would leaven the enlisted ranks and help reinvigorate the notion of military service as a widely shared citizen's role. At the same time, an increase in the representativeness of enlisted entrants and the regard in which military service is held by civilian society can only operate to enhance the commitment and self-image of the career force. Such developments would also clarify the military's role by emphasizing the larger calling of national service.

We do not want to be so overwhelmed with data, so bedeviled with rival sets of numbers, that the key policy choices are hardly understood, much less addressed. It is within our reach to establish a comprehensive youth program to serve national needs without compulsion, without creating a massive bureaucracy, and without burgeoning costs. An immediate task is to make governmental subsidies of higher education consistent with voluntary national service. A growing expectation of voluntary service among youth generally will improve the climate of military recruitment without resort to ever-higher compensation for recruits. The grand design is that the ideal of citizenship obligation ought to become part of growing up in America.

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Huan Xiang

ON SINO-U.S. RELATIONS

Since the founding of the People's Republic of China, Sino-U.S. relations have developed by twists and turns. Tying up with the changing postwar international situation, the development passed through different stages each covering roughly a decade.

From the late 1940s to the late 1950s was a period of confrontation between the "two world camps." Throughout this period, China was blockaded, besieged and looked upon with enmity. For well-known reasons, China and the United States met on the battlefield in Korea.

The next decade saw important changes in the "two world camps." It was a period in which the Soviets built up their strength while the United States was bogged down in the Vietnam War. Soviet expansionism showed itself with increasing clarity. During this decade, a number of factors making for better U.S.-China relations were already emerging. But there was not yet a fundamental change in their confrontation.

The 1970s was a period in which the United States and the Soviet Union attempted but failed to achieve a new balance of force through "détente." As Chairman Mao Zedong pointed out, "The United States wants to protect its interests in the world and the Soviet Union wants to expand; this can in no way be changed." In those ten years, it became increasingly clear that Soviet-U.S. rivalry was intensifying, and it became the source of turmoil and tension in the present-day world. However, the two rivals were in different positions. Strategically, the Soviet Union had already gone onto the offensive on a global scale after an all-round expansion of its strength, mainly its military strength. On the other hand, the United States, as former President Nixon said in his 1971 speech at Kansas City, was "no longer in the position of complete preeminence or predominance." Faced with Soviet threats and challenges at every turn, it switched over to the strategic defensive step by step.

In view of the changed international situation, Chairman Mao Zedong, who had for a long time watched and probed deeply into the development of the various basic contradictions and the

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relative growth and decline of the various forces in the contemporary world, advanced the thesis differentiating the three worlds, in which he scientifically summed up the world strategic situation and indicated the trends of international conflict in the contemporary world. This thesis has become the guideline underlying China's foreign policy. The gist of it is that Soviet social-imperialism is pushing a hegemonist policy of aggression and expansion and its spearhead is directed not only at the Third World and at the group of industrialized nations, primarily Japan and Western Europe, which are called in China the Second World, but more importantly right at the United States; that the main source of a new world war is the Soviet Union; and that for the sake of safeguarding world peace, all the countries and peoples opposed to Soviet expansion should unite and wage a tit-for-tat struggle against Soviet hegemonism.

By this time, Washington, too, had come to see that the United States and its allies alone were not strong enough to meet the Soviet challenge. Speaking of U.S. relations with China in a foreign policy report sent to Congress on February 9, 1972, Nixon stated that the United States "could not afford to be cut off from a quarter of the world's population." China, for her part, believed that the main threat to her came from the north. In a word, both China and the United States felt the need to change their policies to meet the new challenge. It was against this background and through the joint efforts of the two countries that Sino-U.S. relations began to change, culminating in the Shanghai Communiqué during President Nixon's 1972 visit to China, which ended their 20-odd years' confrontation. Their relations were normalized six years later, in 1978 during the Carter Administration.

Sino-U.S. relations have now entered a new stage, the fourth since the war. A historic task facing both China and the United States is to consolidate and expand their relations so as to play a more effective role in defense of world peace and security against the threat of war. Provided the two countries keep the situation and their historic task clearly in mind, treasure what they have already achieved, and are good at drawing useful lessons from past twists and turns, it would not be difficult for them to find a way to a successful development of their relations in the 1980s, a decade of unrest and uncertainty.

II

A review of the past decade shows clearly that China and the

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United States were brought together again by the growing Soviet menace to world peace and security, which they both have to face. These common strategic interests constitute a very important basis underlying Sino-U.S. relations which, it is hoped, will continue to grow on this basis.

However, when one considers Sino-U.S. relations in the 1980s and beyond, it would not be enough to confine oneself to this point. Relations between two countries like China and the United States should have their own value and their own logic. The development of their relations will greatly facilitate their progress in the economic, cultural and other fields. And, objectively, continuous consolidation and development of their relations are bound to create better conditions for world peace and prosperity. All this provides a solid foundation for Sino-U.S. relations. It is also where the long-term interests of the two peoples lie. This approach may help the two countries solve some present differences with relative ease and improve their relations further.

It is no secret that China and the United States have different social systems, but the difference is no obstacle to their cooperation on the basis of equality and friendship. This is firstly, and naturally, because the two countries on the whole do not constitute a major threat to each other; instead they are faced with a common major threat. The objective situation emphasizes the need for them to cooperate and not to enter into confrontation. Moreover, the two countries have immense common interests in a wide range of other areas and, especially, inherent conditions favorable for developing their relations. For instance, both China and the United States have fairly good geographic conditions and rich resources, and both have a vast domestic market. At present, they are at different levels of development and their needs are different. Therefore, relatively speaking, there is little chance of their getting into a conflict, still less a major conflict, in the economic field, but enormous potentialities for their supplementing each other through economic exchanges.

The Chinese people and the American people are both great peoples, industrious, intelligent and with a great love for peace and freedom. The Chinese people have all along admired the American people for their enterprising spirit and businesslikeness, and the American people, on their part, have always appreciated the Chinese people's intelligence and hard-working spirit. Historically, many Chinese shed blood and sweat for the development of the New World; today their descendants working in different walks of life are still contributing their share to American society.

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On the other hand, the American people, the progressive forces in particular, had full sympathy for and gave valuable support to the Chinese people when the latter were engaged in their long struggle against foreign aggression and for victory in their revolution at home. It is on the basis of all this and through long years of cultural exchanges that the two peoples have built up a fast and enduring friendship, which remained alive even in the years when they were cut off from each other.

Our two nations made glorious contributions to humanity in different historical periods. If they can cooperate in the long years to come, they will, together with the people of other countries, help create a brighter future for humanity. With a profound historical perspective, the two governments should take a positive, constructive attitude, and explore all latent possibilities to ensure that Sino-U.S. relations will develop steadily and healthily according to their inner logic, in the long-term interests of the two peoples and for the peace and prosperity of Asia, the Pacific region and the world. This is by no means an extravagant hope.

Of course, the two sides have some different views and even obsessions about each other. This is not surprising, considering their different social systems and the estrangement that once existed between them. However, if we ignore these misgivings and don't try to dispel them, they may impede or even create new twists and turns or a retreat in the relations between the two countries.

III

Top on the list of these obsessions are those involving ideological factors. For example, some people always think "the communist China and the capitalist United States would be irreconcilable."

The relationship between different social systems is indeed a question to be explored and considered carefully, for the question arose right from the day of victory in the Russian October Revolution led by Lenin, and it will remain for a long time to come. This is historically inevitable and no one can write it off even if he tries. However, a serious study of the theory of communism and a concrete analysis of the changes in postwar international relations will show that the above-quoted view is not well founded.

No Marxist would ever hesitate to state that communism will inevitably replace capitalism. He is not a Marxist if he does not believe this, just as a disciple of capitalism would not be what he is if he did not believe in the eternity of capitalism. But Marxists

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also believe that it is entirely up to the people of a country to choose their own social system and it is futile for any outside force to try to do that on their behalf. Marxists always stand for peaceful coexistence among countries with different social systems; they do not stand for an "export of revolution." Particularly, they are opposed to any aggression or expansion carried out in the name of "revolution" or of "supporting revolution," and are opposed to the use of force or any attempt to use force as a means to settle differences arising from the difference in social systems and interests.

China is led by the Chinese Communist Party, a party that cherishes the ideals of communism and adheres to the basic tenets of Marxism. She is today building socialism—not communism, which will be something for the distant future. And a long period of exploration and experimentation is still needed to find the specific road for China to complete her socialist construction. China is not in a position to impose her will upon others. Nor does she intend to do so.

As for capitalism, no one today expects it to pass away overnight. Even in the future, it will still be up to the people of each country to make their own choice.

People may well leave these issues of the future to history and concentrate on the realistic question of how to develop Sino-U.S. relations. Experience shows that overemphasis on ideological differences, mixing them up with state relations, would do more harm than good.

Another obsession involves the relations among China, the Soviet Union and the United States. For example, quite a few people now have worries about an "unavoidable reconciliation some day between China and the Soviet Union."

In fact, if they observe carefully, it will not be difficult for them to find that Sino-Soviet antagonism is not at all a transient phenomenon arising from a single issue, but has its roots deep down in the soil, past and present. For the antagonism is caused by the Soviet ruling clique which, having inherited the mantle of the old Tsars of global expansion, has for a long time pursued a hegemonist and big-power chauvinist policy toward China and tried hard to bring China under its control politically, militarily and economically.

Sino-Soviet discord goes far beyond the scope of bilateral relations. It is well known that China has all along firmly opposed the Soviet Union's worldwide expansionism, its aggression against other countries and its sabotage of peace.

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The Soviet Union regards China as a major obstacle to its efforts to carry out an an offensive strategy around the world and to seek world hegemony. It has stepped up its anti-China activities. Its set policy is to control China, at least not to allow the presence in the East of an independent, anti-hegemonistic and powerful China. In such circumstances, will Sino-Soviet relations change? A clear-cut answer was given by Vice Chairman Deng Xiaoping in an interview with a *Christian Science Monitor* correspondent on November 15 last year, when he said:

> When foreign friends ask me whether there will be any change in Sino-Soviet relations, I ask them whether they expect any change in the Soviet strategy of expansion and hegemonism, whether the Soviet Union will change its social imperialist policy.
>
> The Soviet Union must do something real in order to show that it has changed its strategy, that it has given up hegemonism. For instance, it must reduce its troop level along the Sino-Soviet border from 1 million men at least to the level of Khrushchev's time. It must withdraw its troops from Mongolia, Afghanistan, from Southeast Asia. . . .
>
> Conversely, if there is no change in the Soviet's hegemonistic course of action, then there will be no change in Sino-Soviet relations in even as long as a decade or 20 years.[1]

Others fear that in developing Sino-U.S. relations they might be "drawing fire" against themselves and might "get involved in a Sino-Soviet conflict." They even suspect China of "deliberately inciting a conflict between the United States and the Soviet Union while China tries to 'sit on top of the mountain to watch the tigers fight.' "

In fact, the Soviet hegemonists had regarded the United States as their main rival in the world even before the latter began developing its relations with China. The whole world, the American people included, has long acknowledged that the main threat to the United States comes from the Soviet Union. Whether a conflict or even a war will break out between the United States and the Soviet Union will naturally depend on how their contradictions develop according to their intrinsic logic. No outside force is capable of inciting such a conflict or war. Everybody knows that China is making an unprecedentedly arduous endeavor to free her people, i.e., one-fourth of mankind, from poverty and backwardness, and she needs a durable and stable international environment of peace. China is a peace-loving country as is determined by the nature of her society, by her inherent conditions

[1] Interview with Earl W. Foell, *Christian Science Monitor*, December 3, 1980, p. B1.

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and her foreign policy objectives. It is an incontestable fact that there is no record whatsoever of New China ever engaging in a military adventure in contemporary history. The anxiety that development of Sino-U.S. relations might "draw fire" against oneself probably reflects a cowardly sentiment, a fear of "irritating" the Soviet Union. In reality, "irritated" or "not irritated," the Soviet Union will remain the same. Nobody has irritated it in Africa or Afghanistan, but it is there all the same.

As for a war between the United States and the Soviet Union, it is impossible for China to derive any benefit out of it, nor has China ever intended to do so. For a country like China or the United States to "sit on top of the mountain to watch the tigers fight" in a global conflagration is only an illusion against the common sense of history. The more realistic outcome may be a situation in which "when the city gate catches fire, the fish in the moat suffer." During World War II, the United States, separated as it was by vast oceans from the European and Asian battlefields, could not manage to stay outside. For China, the possibility would be even less.

IV

Another obsession involves views and appraisals of China's strength.

One view is that China is both weak and poor and that she does not have enough strength to play a strategic role in containing Soviet expansion, politically or militarily.

Admittedly, China today is less developed than the two superpowers in the economic and other fields. But it would be a mistake to conclude that China is negligible in the endeavor to oppose hegemonism and contain Soviet expansion. As a matter of fact, China is not only the main force holding back Soviet expansion in East Asia, but also an important factor restraining the Soviet Union from taking military actions in other directions. Any underrating of China's strength is one-sided; it will inevitably lead to strategic errors.

China is poor, but not weak-kneed. She is a big power with rich human and material resources. She has undergone many ordeals in history, which shows that none of her enemies, however strong, ever succeeded in subduing China but they themselves were worn out by China. This was the case with Japan during World War II. What is more, China does not believe there is anything really so frightful. She dares to counterattack any invaders, no matter who, as is due. This is known to all. As for weaponry and

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equipment, the People's Liberation Army is not so well equipped as the armed forces of the superpowers. Needless to say, China will strive to bridge the gap in order to lessen the suffering a future war might inflict and to shorten the duration of war. But this does not mean that prior to this China is unable to defend herself or to make contributions to the fight against hegemonism and in defense of world peace. China has always been good at defeating a better-equipped enemy. After all, the arms gap between the Chinese and Soviet armed forces today is not so big as envisaged by casual observers without any serious investigation or detailed analysis.

Another view is that China has no alternative but to rely on the United States and that she "has to implore the United States for help," both militarily and economically.

The international community has developed to such an extent today that the relations among nations have become closer and closer. This is not only because they need one another in developing their economies and culture, but because the global expansion of Soviet hegemonism has bound the interests in security of the countries concerned more closely. In these circumstances, it is obviously one-sided to think of any unilateral dependence of one nation on another. If one has to speak in terms of dependence, a more appropriate word should be interdependence. As to who has more to ask from whom, it will not be difficult to find through a careful analysis of the needs of the two countries that China has no more to ask from the United States than the other way round.

Since China introduced an economic policy of opening to the outside world, some people there have entertained a view that China, which used to depend on the Soviet Union, will henceforth depend on the United States, as if she had no other alternatives. This is of course also a mistaken impression arising from a habit of overrating oneself and underrating others, an impression that is groundless and has a smack of arrogance in it. China always welcomes all genuine assistance from friends on the basis of equality and mutual benefit. Her contacts with the outside world were limited in the past, chiefly by the then-prevailing international conditions. But China is never in the habit of depending on any foreign country, still less will she put herself at the mercy of others. Khrushchev failed to understand this temperament of the Chinese and tried to apply pressure on China by tearing up contracts and withdrawing Soviet experts. In the end, he had to eat the bitter fruits he himself had sown. In fact, guided by the experience gained over a long period of time, China has followed

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a path of "relying mainly on one's own efforts while seeking foreign assistance as an auxiliary." She has made this choice after a careful analysis of her internal and external conditions.

Firstly, China has all the requirements for carrying out a principle of relying primarily on her own efforts. The country is rich in human and material resources and highly self-sufficient and, after 30 years of construction, has built up a sizable industrial base. It is "bulky"; it is imbued with heroism and endowed with other valuable spiritual assets born of a history which has seen a good deal of hardship. No force on earth has ever been able to overpower a billion people who are confident of their strength. Therefore, relatively speaking, China is able to weather the storm and protect her peaceful construction. The Chinese people are determined to regenerate their country through hard struggle and they are no less intelligent than any other people in the world. China's modernization program may proceed faster with foreign assistance, and slower without it. But with or without such assistance, it will succeed all the same.

Secondly, China has not lost her sense of reality to such an extent as to imagine that there is any foreign country in the world which is capable of satisfying the needs of China's one billion people.

Thirdly, international cooperation involves many complex factors. The Chinese people have taken note of the fact that as close as the United States and its NATO allies are, they have talked for years fruitlessly about cooperation in the research and development of some tanks, although the issue is by no means a big one.

Thus, self-reliance is China's only logical choice. To be more accurate, the only way for China to successfully realize her "four modernizations" is to rely mainly on her own efforts while seeking external assistance as an auxiliary.

As far as the situation in the United States is concerned, a great change has occurred since the 1950s. The United States has correctly recognized the need to rebuild and increase its economic, scientific, technological and moral strength. The U.S. government has deeply felt the need to unite with its European and Japanese allies and with the Third World, including China, to meet international challenges. In fact, the United States and China need each other, because in this crisis-ridden world, particularly when the Soviet Union is posing a grave threat to world peace and stability, no country, be it China or the United States, can face these challenges single-handedly. Unity is the need of all anti-hegemonist forces.

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Some people are worried that once China becomes powerful, it might seek hegemony and engage in expansionism.

This is a groundless conjecture arising from ignorance of China's situation. The late Chairman Mao Zedong and Premier Zhou Enlai pointed out that China would always regard herself as part of the Third World and would never seek hegemony, today or in the future when she becomes a powerful socialist country. This is determined by China's social system and our foreign policy. China has not only explicitly stipulated this in our Constitution, but also has committed herself internationally. China has no intention to set up any sphere of influence in any region, nor has she ever menaced any foreign country. On the contrary, modern history shows that China was repeatedly invaded and menaced by others. For a long time, China supported Vietnam's national liberation war to help it win national independence without asking the latter for any remuneration. This is a fact. China has never demanded rights to station her troops in Vietnam or set up military bases there. Nor has China ever asked for "special privileges" or claimed "special relations" with Vietnam, as Vietnam is doing to Laos and Kampuchea and the Soviet Union to Vietnam today.

In a speech at the Sixth Special Session of the U.N. General Assembly in 1974, Vice Chairman Deng Xiaoping unequivocally declared: "China is not a superpower, nor will she ever seek to be one." "If one day China should change her color and turn into a superpower, if she too should play the tyrant in the world, and everywhere subject others to her bullying, aggression and exploitation, the people of the world should identify her as social-imperalism, expose it, oppose it and work together with the Chinese people to overthrow it." This is a solemn pledge China made to the whole world.

V

In recent years, Sino-U.S. relations have by and large developed rather quickly and smoothly, but not without snags. The Taiwan question has remained the major obstacle.

There is no denying that, though with different administrations, since the 1950s the U.S. government has continuously adopted a policy of "two Chinas" on the Taiwan question. This was not surprising in the past. However, it is noteworthy that after the official establishment of diplomatic relations between China and the United States and after the U.S. government has affirmed that there is only one China, with Taiwan as an integral part of

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her territory and the government of the People's Republic of China as the sole legitimate government of China, the U.S. Congress should have passed a "Taiwan Relations Act," regarding Taiwan as an "independent political entity," and stipulating outright that the United States should continue to provide arms to Taiwan in support of the Taiwan local authorities' opposition to China's central government. This attempt to arbitrarily impose a country's domestic law on international relations and to use a domestic law to unilaterally negate its international commitments constitutes a violation of the sovereignty of another country and an interference in another country's internal affairs; it is unjustifiable in international law. Naturally, it cannot possibly be accepted by the Chinese people. Judging from both short-term and long-term interests of the Chinese and the American people, the policy of "two Chinas" or "one China, two governments," whatever form it may take, will not produce any good effect, but only sow the seeds of tragedies. This was true in the past and will prove to be so in the future.

Many explanations have been offered for the above-mentioned anomalies. But, it should be pointed out, none is convincing or tenable.

One explanation is that "the United States has interests to protect in Taiwan."

The question is what the "interests" are that need "protection." If they are economic interests, the Chinese government has on many occasions clearly stated that after Taiwan's return to the embrace of the motherland, the investments and other legitimate rights and interests of foreigners shall be protected and respected as before. The various laws enacted by China on absorbing foreign capital have expressed this stand of the Chinese government even more clearly. So this explanation is only a subterfuge.

Another explanation is that "America cannot let her friends down."

Refusal to forsake a friend in an unprincipled way is a manifestation of faith which no one would oppose. But this cannot serve as a legitimate ground for creating "two Chinas"—because "all Chinese on either side of the Taiwan Strait maintain there is but one China and that Taiwan is a part of China." The return of Taiwan to the embrace of the motherland is the common aspiration of all the Chinese people on both sides of the Taiwan Strait. This has already been acknowledged openly by the U.S. government in the 1972 Shanghai Communiqué. So how can the moves which are detrimental to China's reunification and run counter to

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the wishes of the Chinese people, those in Taiwan included, be explained away by "loyalty to friends"? If there are friends abandoned by the United States, they should be the hundreds of millions of Chinese people, whom the United States turned its back on after the founding of New China in 1949 when it hung on to the handful of Chiang Kai-shek elements repudiated by the Chinese people. This historical error should have been corrected long ago. Today, many Americans think that the Chinese in Taiwan are their friends. Why can't they remain their friends after Taiwan returns to the embrace of the motherland and becomes part of a reunified China? Why should the United States want to make friends only with the tiny number of Chinese in Taiwan who are obstructing Taiwan's return to the motherland, and not with the far greater number of Chinese on the mainland, and even prefer to hurt the national feeling of these people and offend them?

A third explanation is that "in the interests of security and of peace in Taiwan, the island should not be abandoned."

This explanation itself gives rise to a question: As far as security is concerned, where do U.S. strategic interests lie? The United States has repeatedly stated that it wants to join other countries in dealing with Soviet expansionism. Does it mean that its holding on to Taiwan is a move against the Soviet Union? At whom does it aim when it sells arms to the Taiwan authorities? The effect is just the opposite. What it does is damaging to the foundation of Sino-U.S. relations, which are vital to its strategic interests. China cannot be less concerned than the United States with the peace and tranquility in Taiwan, which is after all a Chinese province. The Chinese in Taiwan are the kith and kin of the Chinese on the mainland. China has repeatedly stated that she does not want a fratricide and that she will strive for a peaceful reunification. For this purpose, she has on many occasions set forth a series of fundamental principles and policies that respect Taiwan's reality and take into account Taiwan's special needs. To begin with, she has proposed such practical steps as the starting of postal exchanges, trade, navigation and air traffic.

Without outside interference, a peaceful reunification is entirely possible and the life of peace in Taiwan can truly be safeguarded. However, if the United States gives the one billion Chinese people a stab in the back by continuing its arms sales to Taiwan and changing in essence the unofficial nature of its relations with Taiwan, it would hurt the Chinese people's feelings. And this would lead to the conclusion that the United States wants to keep

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Taiwan under its control and obstruct China's peaceful reunification and for this purpose it does not hesitate to antagonize the Chinese people. In so doing, the United States will greatly increase the danger of a conflict in the Taiwan Strait. The reason should be quite obvious.

Evidently, none of the explanations has touched the crux of the question. In reality, there probably is a basic guideline among a number of Americans, that is, to obstruct China's reunification, to keep Taiwan in the U.S. sphere of influence and to use it to hold China in check. This antiquated sphere-of-influence theory should never be used in Sino-U.S. relations. It is sheer power politics, and is both unwise and unrealistic, to try and place various checks around a country in the hope that this would prevent it from growing too big and independent, from becoming a "potential enemy," and would keep it perpetually under one's control.

It should be noted that a weak and chaotic China will only make things easier for Soviet hegemonism while a powerful and prosperous China will contribute to world peace and stability and, therefore, is truly in the national interests of the United States. This is a point many Americans of insight have shared and quite a number of U.S. government leaders have repeatedly stated. A glance at the history of New China's growth and a serious analysis of China's internal and external conditions will show that the emergence of a growingly prosperous and powerful China in the East will be an inevitable corollary of twentieth-century history. Whether others endorse it or obstruct it is not likely to make a great difference. The best choice would be to go with the tide, try to adapt to it and find ways of cooperation instead of going against it.

In fact, history has long arrived at its own conclusion about how the policy of containing China fared. In the 1960s, precisely because it intended to prevent China from becoming powerful, the United States pinned itself down in the Vietnam War and sapped its own energy while its major rival, the Soviet Union, grew in strength. In the 1980s, if the United States should want to cause friction with China on the Taiwan issue in order to prevent it from becoming powerful, the outcome might be disastrous.

Still another view is: "Isn't China opposed to hegemonism? As long as the United States is tough with the Soviet Union, China will swallow the bitter pill of Taiwan." It is too rash to come to this conclusion. Surely, China has always been very considerate of

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the overall situation. In the past, she made such generous allowances for others as were necessary and possible in the interest of opposing Soviet hegemonism—the major threat to world peace and stability. But China would never barter away her sovereignty, nor will she bow to pressure and swallow a "bitter pill" that is detrimental to her national interests and dignity.

For more than a century, the Chinese people have fought against foreign aggression and interference and for national independence and unity. Countless numbers of them have shed the last drop of their blood in this struggle. Since the founding of the People's Republic, the complete unification of the motherland has been a strong and unshakable determination of the one billion Chinese people, including those in Taiwan. To them, the Taiwan question is a highly sensitive issue. Past experience shows that no one should miscalculate in any way the strong sentiment of the Chinese nation, which went through untold tribulations in a hundred vicissitudinous years.

Sino-U.S. relations, which were resumed only recently, can hardly stand such emotional upheavals. When one side makes a move, the other side will not go without a countermove. Insisting on occupying Taiwan as a means to pin China down or to hold it in check will start a vicious cycle leading to continuous escalation. Such insistence presupposes China as a "potential enemy." If this is allowed to continue for long, it might create a tragedy between the two nations. All those with an insight, particularly the statesmen among them, should have a sober evaluation of the issue.

The situation is critical. In the interest of world peace, China and the United States need to develop their relations in a joint endeavor against hegemonist expansion, and not to dilly-dally or complicate the matter. The history of international relations shows that overall strategic unity must be based on healthy bilateral relations. It is inconceivable that the Sino-U.S. relationship, strategically a relationship "of overriding importance,"[2] can be strengthened by damaging their bilateral relations. Any damage to or retrogression in Sino-U.S. relations will have grave repercussions in Asia and the Pacific region; it is bound to affect the world situation in opposing hegemonism. On the other hand, once such interferences as the "Taiwan Relations Act" are removed, Sino-U.S. relations will develop with new vitality. This would be a

[2] Assistant Secretary of State John Holdridge's statement to the Senate Foreign Relations Committee, April 27, 1981. The same phrase was used earlier by Secretary Haig in *Time*, March 16, 1981, p. 24.

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major contribution to world peace and to the fight against hegemonism.

VI

To ensure a stable and healthy development of Sino-U.S. relations in and after the 1980s, it is important to keep enriching and strengthening the substance of these relations in all aspects. Prior to a detailed discussion of the real possibilities, it would be useful to make clear the nature of the relations to be strengthened and the proper attitude the two parties should adopt towards each other.

At present, a rumor is circulating that China is seeking a military alliance with the United States. This is entirely groundless. In fact, neither China nor the United States has ever had such an intention. Judging from existing conditions, it would be more desirable for them to develop a relationship that will enable them to take concerted actions in international affairs on the basis of common strategic interests and to engage in friendly bilateral exchanges according to the principle of equality and mutual benefit. They may consult each other and cooperate on political issues without automatically assuming any obligations such as those between allies. This will help to tap the potential of Sino-U.S. relations to the maximum. In their contacts, the two countries should treat each other as equals and respect each other's national interests and sentiments; we should adopt a sincere and not a "card-playing" attitude. "Card-playing" will not win the respect of the other party; on the contrary, it will cause a confidence crisis. What's more, instead of helping to contain Soviet expansionism, it might furnish an opportunity for the Soviet hegemonists.

It is particularly important that both countries should faithfully abide by the principles contained in the 1972 Shanghai Communiqué and the 1978 communiqué on the inception of Sino-U.S. diplomatic relations, and other principles pertaining to bilateral and international relations, as an indispensable prerequisite to a stable long-term Sino-U.S. relationship. These include the "one China" principle, the opposition to hegemonism and the five principles of mutual respect for territorial integrity and sovereignty, mutual nonaggression, noninterference in each other's internal affairs, equality and mutual benefit and peaceful coexistence.

Since his inauguration, President Reagan has stated on many occasions that the United States would respect the principles

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contained in the communiqué on the setting up of Sino-U.S. diplomatic relations. Secretary of State Alexander Haig reiterated during his visit to China in June this year that "President Reagan is committed to the steady strengthening of U.S.-China relations." And he pointed out that in the effort to resist aggression, "the United States considers China to be a close and valued friend." These positive statements by the present U.S. government are undoubtedly welcomed by the people of the two countries who are interested in the development of Sino-U.S. relations, in opposing hegemonism and in safeguarding world peace. They are looking forward to further actions.

Much should be done to substantiate Sino-U.S. relations. To be more specific, they include:

1) *More exchanges between government officials and between people of other circles to facilitate mutual understanding and coordination of the two countries*. While contemplating the actual content of strengthening bilateral relations, people will naturally be drawn to diplomatic and security issues. In this respect, there are plenty of things that need to be done, such as officials of different levels, especially those in high positions, of the two countries meeting regularly or at some interval to exchange their views on global and regional situations; to consult on diplomatic, security and other issues of common concern; and to explore the ways for furthering long-term cooperation between the two countries, etc. At present, we have already made a start; however, there is still room for improvement both in quantity and quality and it should be regularized. Of course, the degree of coordination between the two countries on diplomatic and security issues is closely related to the strategic relations and overall bilateral relations of the two countries.

Experience shows that, in international relations, mutual understanding increases friendship, while misunderstanding yields bitter fruit. To further their diplomatic and security relations, China and the United States must increase their understanding and reduce their misunderstanding of each other. In this respect, besides the exchanges of visits and consultations between high-ranking government officials, increasing the visits between people of other circles is also indispensable. This refers not only to those who make business contacts, but to tourists of different professions, interests and ages who are also for increasing mutual understanding and strengthening friendly ties. China is striving to pave the way for such developments.

2) *The promotion of Sino-U.S. trade and economic cooperation*. This is

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an extremely important aspect of Sino-U.S. relations. Though at present the absolute figure for bilateral trade is not big, the growth has been fairly rapid. Last year it approached five billion U.S. dollars, a far cry from what it had been a few years ago. Indeed, as China is now readjusting her economy, it is not easy, for the time being, to increase her foreign trade enormously. However, the prospects of Sino-U.S. trade and economic cooperation are undoubtedly bright, considering the progress in China's economic readjustment and development. The fact is that China's economic readjustment is precisely intended to guarantee a better, continuous and steady development and therefore will lay a stronger and more reliable material foundation for expanding her economic and trade relations with other countries. Even in the period of readjustment, China's economic exchanges with other countries will not stand still, still less will they shrink. China has not changed her policy of opening to the outside world; she will continue to develop economic and technical cooperation with other countries, utilize foreign capital, import advanced technologies and learn from other countries their useful managerial experience.

China's present economic situation is marked by a temporary retrenchment in some fields, a vigorous development in others and a temporary shift of emphasis in some branches of work. All in all, China has a fairly big potential for foreign trade and for absorbing foreign capital. The United States may by flexible means adapt to China's rearranged priority list and create some necessary conditions for two-way trade. To put it more specifically, the United States may cooperate right now with China and facilitate exchanges on the following key items which are to be developed during China's economic readjustment:

— technical renovation of existing enterprises. China has 400,000 industrial and communications and transport enterprises, including motor vehicle and aircraft industries. There is a wide range of possibilities for cooperation with foreign countries;
— the opening of oil, coal, power and other energy resources;
— medium and small projects in the light, textiles, chemical and electronics industries, which require little investment but produce quick results in catering to domestic needs and in increasing China's export earnings.

China has rich human and natural resources, and the United States a developed industry and advanced technology. Much can be done if they try to make up each other's deficiencies and

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increase cooperation on the basis of equality and mutual benefit. There are now some problems in Sino-U.S. trade. They should be solved as soon as possible through a general arrangement between the two countries, each in the light of its concrete conditions, to give the problems an all-round consideration instead of tackling them piecemeal. The American government should look further ahead into the future.

It should be noted here that the factors restricting Sino-U.S. trade are not entirely Chinese. The many discriminating and restricting measures the U.S. government has to this day maintained against trade with China are important obstacles. In the export of advanced technologies, the United States has for a long time withheld licenses for a considerable number of products. It has also imposed various restrictions on imports from China and this is one of the main reasons for China's huge trade deficits. The situation is rather incompatible with the present relations between the two countries and, particularly, with the United States' declaration that it considers "China to be a close and valued friend." It is self-evident that a prolonged delay in keeping promises will not only impede Sino-U.S. economic relations, but exert negative influence on their strategic relations.

3) *Expansion of Sino-U.S. scientific, technical and cultural cooperation and exchanges*. Again much can be accomplished in this field. Since the establishment of diplomatic relations between the two countries, many Chinese have wanted to study in the United States and many Americans to study in China or to conduct other exchanges. This is an indication of friendly feeling between our two peoples. Thanks to the support of the Chinese government and the facilities provided by U.S. governmental and non-governmental organizations, many Chinese scholars and students are now in the United States for different periods of research, exchanges and study. At the same time, growing numbers of American scholars and students have come to China to engage in research, exchanges and study, despite the temporary manpower and material limitations in this country. Their number will increase further when the facilities in China are improved. This will be very helpful to their research work in specialized fields and to their understanding of China. A number of joint research projects are already yielding gratifying results. All this will greatly help to restore and strengthen the traditional ties between the two peoples. History shows that academic exchanges have a far-reaching influence on the consolidation and development of international relations and friendship. Through diligent cultivation, the seeds sown

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today will yield a bumper crop. Such exchanges should be continued on a large scale and for a long time to come.

The international situation in the 1980s is turbulent. The Soviet Union is "putting a noose round its own neck," surrounded by the worst difficulty in a decade. But it has not changed, nor does it intend to change, its expansionist policy. No one should underestimate its capacity and adventurism. Soviet and Vietnamese aggression in Afghanistan and Kampuchea is not yet curbed, and the flames of war in the Persian Gulf are not likely to die out soon. Poland, a strategic area in Europe, is faced with an increasingly ominous threat of Soviet armed invasion. Most of the countries on this planet are undergoing ordeals of an economic nature.

Though the future will be fraught with crises, it holds out hopes, too. These will include a new awakening of humanity in the fight against hegemonism and for world peace, new achievements in man's struggle to conquer nature and poverty, and new possibilities for better Sino-U.S. relations.

From a long-term point of view, Sino-U.S. relations are very hopeful. A stable and lasting relationship of friendship and cooperation between a powerful China and a powerful United States will be a major factor contributing to the prosperity of the two countries and to world peace. But there are shadows in these relations. Failure to deal with them properly may lead to tension, retrogression, and even new confrontation in Sino-U.S. relations. Should things turn out that way, it would not be good tidings to China, the United States or the rest of the world. At this historic juncture, both China and the United States have the responsibility to make the correct strategic choice so as to meet future challenges.

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Jacob K. Javits

CONGRESS AND FOREIGN RELATIONS: THE TAIWAN RELATIONS ACT

The role of Congress in U.S. foreign policy is unique among the legislative bodies of the world. Our Constitution provides that the Congress, and especially the Senate, will be a source of independent judgment and a potential check upon the actions of the executive branch on such fundamental matters as the use of military force, the conclusion of international commitments, the appointment of principal policymakers, and the financing of military and diplomatic programs. The phrase "advice and consent" with respect to treaties and nominations aptly summarizes that role in general.

Presidents may resist that independent congressional role, often in the name of what they perceive to be the needs of "secrecy and dispatch," to use the phrase from the *Federalist Papers.* But they do so at their peril, and that of the country at large.

From time to time—even in such august publications as *Foreign Affairs*—respected figures may lament the constitutional facts of life and argue for a new institutional arrangement closer to the British system of semi-automatic majorities.[1] In my view, however, the role of Congress in foreign relations has more often been a strength than a weakness of our democracy. It is the responsibility of the President, through his authority, leadership and skill, to forge support for his policies in the Congress as well as among the people. When he does not receive such support, it is probably because something is lacking either in the policy itself or in the President's presentation of it. In any case, I simply do not think that such wholesale revisions of the Constitution are in our future, even if they were in our interest.

One episode in our recent history which illustrates this unique role of the Congress is the series of events surrounding President Jimmy Carter's recognition of the People's Republic of China in December 1978. That action left in its wake a whole series of difficult issues concerning the future relationship between the

[1] I have in mind Lloyd N. Cutler's article, "To Form a Government," in the Fall 1980 issue of this journal.

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United States and the previously recognized authorities of the Republic of China on Taiwan. Thus it was necessary for both Houses of Congress to participate in the framing and enactment of what became the Taiwan Relations Act of 1979, which was approved by the Congress on March 13, 1979 and signed by the President into law on April 10, 1979.

As one who participated in the congressional deliberations that led to the Taiwan Relations Act, I believe that a short review of its history and an evaluation of its significance may throw light not only on the central importance of the role of Congress in foreign policy—in a particularly difficult case—but on a number of issues that continue to be of concern in the ongoing relations of the United States both with the People's Republic of China and with the people of Taiwan.

II

President Carter's decision to shift official U.S. recognition from the Republic of China to the People's Republic of China had been foreshadowed by earlier negotiations, notably the Shanghai Communiqué of February 1972 subscribed to by President Richard Nixon and Prime Minister Zhou Enlai. But any actual move to formal recognition of the PRC had thereafter been in abeyance, with the Chinese side posing difficult conditions, especially concerning Taiwan. In the late fall of 1978, the PRC made significant concessions as to some of these points, agreement was reached, and President Carter decided that it should be concluded and announced at once, on December 15.

However, that announcement was made with only the briefest notice to congressional leaders. And in one particular respect, the giving of the required one-year's notice of the abrogation of the United States-Republic of China Mutual Defense Treaty, the President's action ignored a specific amendment adopted by the Congress only two months before, in the International Security Assistance Act of 1978, calling for "prior consultation" on "any proposed policy changes affecting the continuation in force" of that treaty. Inevitably, congressional leaders were not only exercised at this specific omission but felt serious concern about the adequacy of the terms agreed to between the President and the PRC as they affected the future of Taiwan and U.S. relations there. Neither on the manner and timing of the decision nor on the substance of the understandings reached had there been effective consultation. Thus, the situation contained the seeds of possible serious differences between the Congress and the Execu-

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tive, and the possibility of the U.S. government as a whole not being able to arrive at a coherent ultimate position that would deal with all the elements of the problem.

Most members of Congress of course supported the President's recognition of the Beijing government as the government of China. I had myself called for a change in our policy toward mainland China back in 1970, and I welcomed the decision finally to establish normal diplomatic relations with the most populous country in the world. But the principal stumbling block to such action had always been our concern for the people on Taiwan and for their future as a society. We could no longer operate under the fiction that the government in Taipei was the government of all China, but neither could we ignore the fact that the people of Taiwan had been our friends and allies for decades and that we had assisted in protecting them from domination by the communist regime on the mainland. Judging from the mail I received on this issue, that is generally how most Americans saw it too.

It became clear quickly that although President Carter was serious about maintaining "extensive, close, and friendly relations" with Taiwan, his Administration had given very little thought to the shape and substance of our future relations and to the legal framework necessary to carry it out. For most of us in Congress, therefore, the acceptability of the arrangements worked out with Beijing depended upon the establishment of a viable basis for our future relations with Taipei. We were prepared to accept the reality of Communist China and to develop a new relationship of mutual interest with its government and of friendship with its people, but we could not thereby accept that our ties to Taiwan would be dictated from the mainland. Most of us, I think, were prepared to risk the whole arrangement if certain principles could not be adequately preserved.

III

The Taiwan issue was the principal concern when the 96th Congress convened in January 1979.

It had already become clear that the question of relations with Taiwan would require legislation, but the draft submitted by the Administration was on its face sketchy and incomplete. Doubtless this reflected in part the fact that the negotiations concerning recognition had been carried out primarily under direction from the White House, with only a very small number of individuals involved for security reasons; at any rate, when the task of

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preparing draft legislation necessarily fell to relevant sections of the State Department, not always familiar with the underlying negotiations, their initial submission was, it is not unfair to say, hastily and in some respects poorly drawn, and thus vulnerable at once to criticisms that tended to accentuate the controversy.

As it happened, the 96th Congress also marked a significant transition in the Senate Foreign Relations Committee. Frank Church of Idaho became the new chairman of the Committee and I became the new ranking Republican. Furthermore, the Republican members of the Committee voted to exercise their right to a separate minority staff, ultimately amounting to one-third of the Committee's budget. Nevertheless, Senator Church and I agreed to approach this first issue as we subsequently sought to approach all others—in the spirit of bipartisan cooperation. I think that tone contributed substantially to the broad consensus later achieved in the full Senate on what became the Taiwan Relations Act.

The problem of Taiwan's future status was in some respects more a theoretical problem than a practical one. Although Beijing was now the de jure or legally recognized government of China as far as the United States was concerned, the authorities in Taipei were clearly the real or de facto government on Taiwan. Traditional international law on questions of sovereignty and recognition is in many ways a relic of past centuries, when relations between nations were far more formal and episodic than they have become in recent decades. The law is often too limited and inflexible to accommodate the range of different state and nonstate entities that today make up the world community.

President Carter's announcement illustrated the necessary contradictions in applying the normal international legal standards to Chinese realities. He switched recognition of the government of China from Taipei to Beijing, which ordinarily should have made the communist government the immediate successor to all agreements made with the earlier government of China. Instead, however, the President announced that agreements with the government formerly recognized as the government of China would remain in force with the now "derecognized" government, including the Mutual Defense Treaty. The latter would continue to operate for a year beyond the date of derecognition in order to comply formally with the one-year's notice of termination provided for in the treaty itself. Thereafter, he said, "commercial, cultural and other relations" with Taiwan would be carried out on an "unofficial" and "nongovernmental" basis.

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I give the Administration credit for this approach, which was something novel and not the way the Japanese and other countries had carried on relations with Taiwan. It was an imaginative formula which sacrificed theoretical consistency in favor of a preferable political outcome. But beyond the broadest generalities, the nature of this unofficial relationship was unclear. No one really knew what the limits of "officiality" were. The legislation proposed by the Administration to implement its approach was only a bare skeleton; it was left to Congress to consider what concrete undertakings were required to make it work.

IV

I approached this problem the way I approached most problems in my legislative career. The task was to devise a legal arrangement which took account of the necessities and subtleties of the problem at hand—the unique circumstances and particular interests involved. The fact that there are no precedents has always been more of a challenge to me than a stumbling block.

In the Taiwan case, in particular, Congress was in a better position than the executive branch to break new ground without ruffling diplomatic feathers. We set out to develop a new approach to our relations with Taiwan, but to do so within the bounds of the understandings reached with the mainland. The Chinese leadership, I am confident, understood and accepted the novelty of this arrangement in order to go forward with the larger and more important relationship.

The first issue confronted by Congress related to the characterization of the future relationship with Taiwan. The Administration's proposal called for the use of the word "unofficial" as a basic description, but this was strongly objected to by key members of the House and of its Foreign Affairs Committee. In the end, any adjective was omitted in favor of a preamble noting the President's action in withdrawing recognition from the Republic of China, with the body of the Act making specific provision for U.S. interests on Taiwan to be handled in the future by an "American Institute in Taiwan" (understood to be staffed by individuals not in official service but without labeling the Institute's status).

A much more serious issue was posed by the fact that the Administration's proposed legislation said nothing about our interest in the future security of Taiwan. Most of us in the Congress accepted the President's decision to end the formal security relationship with Taiwan as embodied in the Mutual Defense Treaty.

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Although a group of legislators led by Senator Barry Goldwater of Arizona challenged in the courts the President's authority to do so on his own authority, even Senator Goldwater said that he would have voted to accept the proposed termination if the question had been formally put before the Congress. In any event, the Supreme Court ultimately sustained the view, which I for one had maintained from the outset, that the President did have the authority to do what he did in this case, to wit, terminate the Mutual Defense Treaty in accordance with its terms.

Yet while we did not seek to reconstruct a defense agreement with Taiwan, we did insist on making perfectly clear the assumptions and expectations of the United States regarding the future of the society there. In certain respects, the assurances written into that legislation go well beyond anything we have put into our defense treaties. The latter generally refer to assistance in resisting "armed attack" only. But I was particularly concerned with other dangers which in fact seemed more realistic than an outright invasion from across the straits. The language finally adopted in the House-Senate Conference, therefore, referred to U.S. concern for activities which jeopardized not only the security, but also "the social or economic system, of the people on Taiwan."

Debate in the Committee and in the Senate on this issue centered on the appropriate characterization of U.S. concern for Taiwan's security. On the basis of the broad overall assurances just alluded to, I was prepared to accept language that considered "any effort to resolve the Taiwan issue by other than peaceful means" a matter of "grave concern" to the United States. My colleague and friend Senator Charles H. Percy of Illinois (now chairman of the Committee) thought that such language was not strong enough to convey the seriousness with which such an effort should be viewed by the United States. Both in Committee and on the Senate floor, he pressed an amendment to characterize such coercion against Taiwan as a threat to the "security interests" of the United States. But majorities in both houses of Congress accepted the Administration's judgment that such a change would unnecessarily convey an intention to reenact the security agreement itself, thus violating one of the understandings with Beijing. In any event, I felt that this point was not as critical as the broader definition of the threats themselves.

Closely related was the issue of future U.S. transfers of military equipment to Taiwan. Although the final negotiations between the Administration and the PRC had succeeded in achieving the omission of any condition rejecting continued U.S. supply of

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military equipment, the Administration's draft legislation made only passing reference to future supplies. Both the practical and psychological consequences of leaving the issue in this posture were the targets of strong objections by key members of both the House and Senate, some of whom wished provisions that would not only have committed the United States to automatic large-scale transfers of military equipment but would have interposed the Joint Chiefs of Staff as the judge of the adequacy of such supplies.

My own view was that a reasonable undertaking would be for the United States to state its intention to "make available to Taiwan such defense articles and defense services in such quantity as may be necessary to enable Taiwan to maintain a sufficient self-defense capability." And this was the language ultimately accepted by the Senate and the House of Representatives in conference.

But there were in addition a host of specific problems that had important legal and practical implications brought forcibly to the attention of the Congress both by outside legal experts and by private concerns. The provisions in the Administration's draft legislation were not adequate to preserve existing agreements with Taiwan, to assure the government there of a right to sue and be sued in our own courts, to maintain the legal status quo for contracts, assets and investments, and to establish the unofficial "American Institute in Taiwan." In each case we consulted closely with outside experts and with representatives of the people most affected by such provisions to make them more explicit and therefore more reliable. We found that both statutory arrangements and judicial precedents supported our ability to create a workable mechanism of unofficial relations with unrecognized entities.[2] This is another function which Congress is often better placed to fulfill than the personnel of the executive branch. We are used to discussing such matters candidly in public sessions and taking the views of a wide assortment of people into account. Such openness and responsiveness are not always possible for those in the diplomatic ranks.

Finally, brief mention should be made of one apparently small

[2] In particular, there is a useful line of cases based upon our experience in dealing with the Soviet Union prior to U.S. recognition. See, in particular, *Wulfson* v. *Russian Socialist Federated Soviet Republic*, 23 N.Y. 372, 138 N.E. 24 (1923). A good summary of the legal precedents was provided to the Committee in the testimony of Professor Victor Li. "Taiwan," Hearings Before the Committee on Foreign Relations, United States Senate, 96th Congress, 1st sess., February 5, 1979, Washington: GPO 1979, p. 144, 150–51. Professor Li was briefly retained as a consultant to the Committee to advise on these matters.

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issue, which the Congress nonetheless felt had substantial importance for the morale of our friends on Taiwan. This concerned the status of the Twin Oaks property in northwest Washington that had been occupied over a long period as a residence by the Ambassador of the Republic of China. Prior to President Carter's decision of December 15, that property had actually been conveyed to a group of private U.S. citizens organized as the "Friends of Free China." It was the decision of the Congress, in which I concurred, that this arrangement should not be upset, and provisions to preserve it were thus included in the Act.

V

The final version of the Taiwan Relations Act passed both Houses by overwhelming majorities. While its provisions were still being considered in committee, there took place the visit to Washington of a high-level PRC delegation led by Vice Premier Deng Xiaoping, and when Deng met informally with members of the Senate Committee he made it clear that the PRC found certain already publicized aspects "unacceptable." In particular, he objected to the U.S. commitment concerning continued supply of "defense articles and defense services" for self-defense purposes, and also rejected any idea of a PRC commitment not to use force to reincorporate Taiwan into the PRC in fact—while indicating that the PRC had no present intention of so proceeding.

I understand that PRC leaders continue periodically to ask the Administration for revision or repeal of the provision for self-defense supplies. However, I think they also understand that this and other commitments in the Act, as well as the other aspects of our continuing (but nongovernmental) relations, are part of the basis on which the United States agreed to go forward with diplomatic relations and a broader relationship with the mainland. Certainly in the two-and-one-half years since the Act became law, relations between China and the United States have developed far beyond our long-standing preoccupation with the Taiwan issue. Both countries accepted what was then a genuine compromise, and both thereby advanced their larger national interests. It was also the culmination of a slow but sure process which as a politician I would call "glacial," a massive and decisive political shift by small increments over a long period of time. I doubt that minor disagreements or diplomatic pique can change the reality of this shift.

At the same time, I am concerned that we not extend our relationship with the mainland further or faster than the traffic

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can and should bear. I have been to the mainland twice, in 1975 with Senators Pell and Percy and again in 1979 with Senator Church and other Senators. In addition, I have high consideration for the former Chinese Ambassador to the United Nations, now their Foreign Minister, Huang Hua. The Chinese are a great people, a resilient and resourceful people. But they are currently engaged in an historic and very delicate transformation: politically, socially and economically. We must be careful that we do not mislead them into expecting a relationship which we cannot maintain over time, for the eventual letdown could derail this important internal process—a process which it is strongly in our interest to encourage, whatever gains we may also seek in the diplomatic arena.

Finally, the shift in recognition by President Carter, combined with the efforts of Congress to ease and stabilize the shock to Taiwan in the Taiwan Relations Act, has not resulted in an erosion of our fundamental relations with the people there. In fact, once the initial tremors had passed, the economy has continued the extraordinary and dynamic growth which has made it one of the most prosperous societies in Asia.[3] U.S. trade and investment in Taiwan have flourished. Furthermore, in accordance with the unofficial mechanisms devised under the Act, several new agreements have been concluded and the shipment of certain defensive weapons was resumed. Experience has therefore shown that the relationship can continue to exist without interfering in the fundamental question of Chinese sovereignty.

I do not suggest that Congress deserves all the credit for the eventual outcome of our China policy. The Chinese, including the authorities and people on Taiwan, have made it work, as have the able members of our own diplomatic corps and civilian groups. But I do think the experience of devising a workable new relationship, with both the mainland and the people of Taiwan, illustrates that the Congress can and does play an important and constructive role in this process—including the all-important function of helping the American people to understand and accept a complex adjustment in our foreign relations.

[3] Taiwan's economic successes have been examined in a number of studies, including a report last year by the staff on the Senate Foreign Relations Committee entitled "Implementation of the Taiwan Relations Act: The First Year" (June 1980).

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Johan J. Holst

NORWAY'S SEARCH FOR A NORDPOLITIK

Nordic Europe has been a zone of stability in postwar Europe. Broad social consensus, economic growth and the development of welfare systems providing the basis for security as well as dignity for the individual, have contributed to a stable equilibrium between state and society. There is no irredentism at work, Finnish territorial concessions to the Soviet Union after the Second World War notwithstanding.

The term "Nordic Europe" denotes a cultural community and a pattern of social organization based on the concept of the welfare state. Norway, Sweden and Denmark constitute the core area, with Finland and Iceland as the peripheral zones. Nevertheless, important differences prevail among the states themselves, for in terms of foreign policy Nordic Europe displays a complex pattern of alignment and nonalignment, reflecting the fact that the Nordic states have chosen different roads to security. However, in decision-making with respect to foreign policy, considerations of regional stability weigh heavily in all the Nordic capitals.

Iceland has no national military establishment. Protection is provided by the American Icelandic Defense Force. Norway and Denmark are founding members of NATO, but they have adhered to certain self-denying ordinances prohibiting the stationing of allied troops and nuclear weapons on their territories in peacetime. Sweden is a traditional nonaligned country aiming for armed neutrality in the event of war. Finland is also nonaligned, but has a treaty of friendship and mutual assistance with the Soviet Union.

This pattern has stabilized over time and become a constituent element in the postwar security order in Europe. It is recognized in all Nordic capitals that decisions amounting to major deviations from the established pattern could alter the calculus in other Nordic countries and the external pressures which influence that calculus. Maintaining the basic features of the established equilib-

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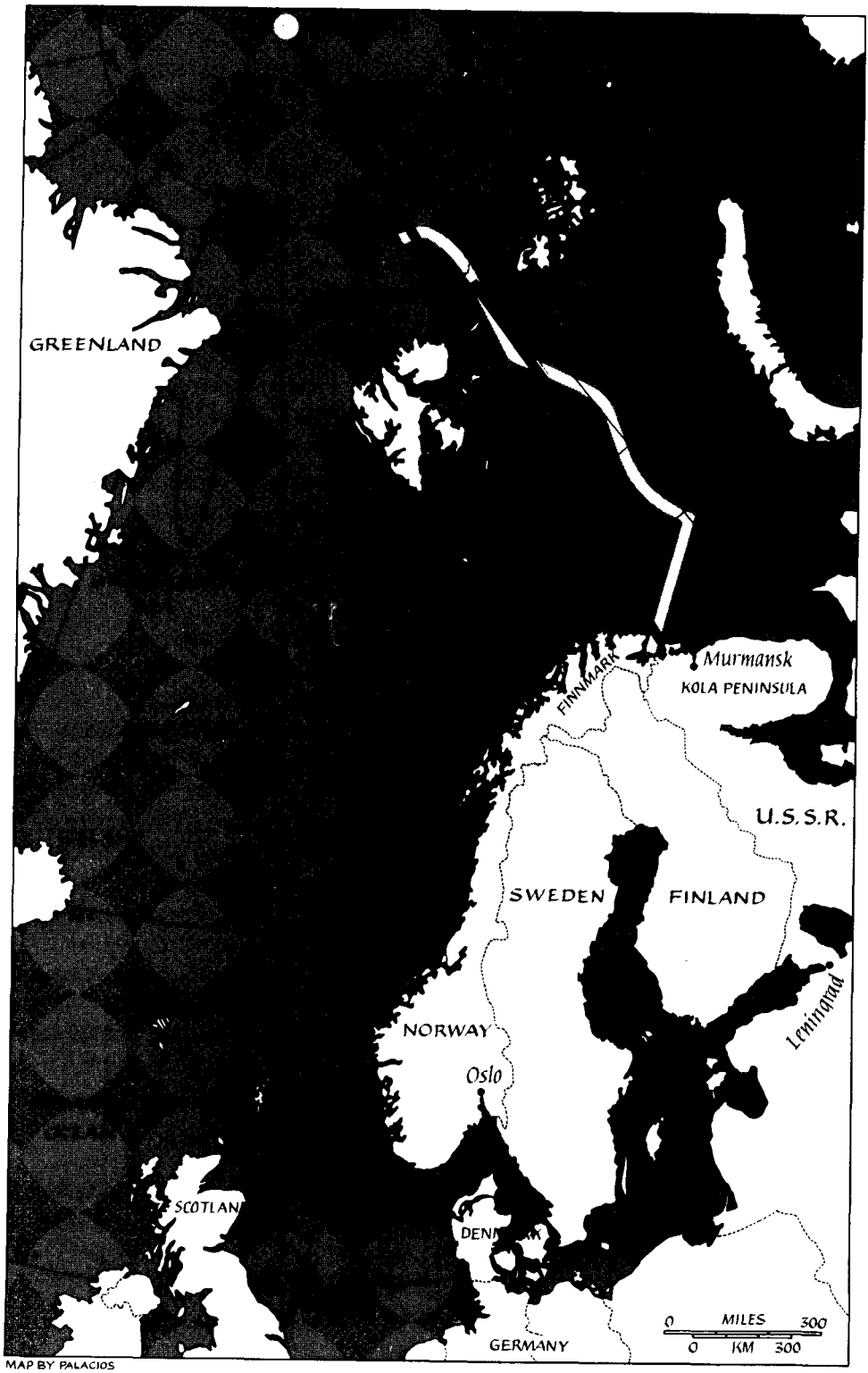

MAP BY PALACIOS

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rium has become a central guideline in the foreign policies of all the Nordic states. The situation, of course, is not static. Changes in the external environment will require adjustment and response from the Nordic states. Assessments of the changes may differ, as may the calculation of interest with respect to modulation of the pattern.

The Nordic states are unable to constitute an autarkic defense arrangement. Their area is very large in relation to their populations; the "metropolitan area" of the five Nordic countries is larger than that of France, West Germany, Great Britain, Belgium, the Netherlands, Luxembourg and Portugal combined, while the population is about one-tenth (22.5 million compared to 205 million). A Nordic defense community would be incapable of maintaining the maritime forces needed to protect the distant territories of Greenland, the Faeroes, Jan Mayen and Svalbard. It would occupy a key strategic location from the point of view of the East-West balance in general and the defense of Western Europe in particular, but local stability could presumably only be obtained by a Nordic defense community through accommodation with the Soviet Union, the dominant power in Northern Europe. However, the interplay of the political values and economic interests in Nordic societies would tend to make such an arrangement politically unstable.

The degree of Soviet influence would also be determined, of course, by the countervailing power and presence of Western naval and air power in the region. Increased competition and tensions might ensue. By contrast, the present pattern has resulted in the maintenance of a state of low tension in the northern corner of Europe in spite of the competing strategic interests of the great powers in the region.

Norway alone has a very long coastline of some 2,650 km, not counting fjords and bays. By simple convention the Norwegian coastal areas may be divided into three parts. In the South is the North Sea area; activities here link Norway directly with the European Community, particularly via offshore pipelines to Germany and the United Kingdom. The mid-Norwegian area extends from 62° to 70° north. The high North area is north of 70°. Problems relating to management and jurisdiction in the high North primarily involve relations with the Soviet Union.

The economic zone of continental Norway covers an area of some 875,000 sq. km, or two and a half times the size of continental Norway. If we add the areas covered by the fisheries zones which have been established around the Svalbard archipelago and the

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island of Jan Mayen, the total Norwegian offshore area is larger than the total land area of the European Community. Such figures indicate the scale of the surveillance and management problems which have to be solved.

Nor are the Nordic countries unimportant in the international economy. The value of their exports is more than one-third that of the United States, more than half that of Japan, and larger than that of the Soviet Union. Their imports from the European Community are more than double those of the Soviet Union and Japan combined.

Norway in many respects occupies the most central strategic position of the Nordic states. This is due in part to developments in military technology, to the constellation of the major powers, and to their military deployments. At the same time, Norway is becoming the country to watch economically because of offshore oil and gas. Finally, Norway has some unsettled problems in her relations with the Soviet Union concerning the delimitation of jurisdictional boundaries in the high North. The overall objective of Norwegian foreign policy at present is to develop a framework for a stable order in the high North based on a balance of power maintained at the lowest possible level of military activity, and a pattern of cooperation which cuts across and reduces the saliency of the military competition. This is the essence of the Norwegian "Nordpolitik" which may become an important element in the broader construction of East-West relations in Europe in the 1980s.

Norway and Finland have often been at opposite ends of the spectrum in debates about the equilibrium in Nordic Europe, sometimes talking at rather than to each other. Stabilizing political relations by developing a broader dialogue between Oslo and Helsinki is an important confidence-building element in the Nordpolitik of the 1980s. It parallels economic stabilization of the region through broadened industrial and energy cooperation, starting with the two states of the Scandinavian peninsula, Norway and Sweden.

The Kola peninsula, due east of the Soviet-Norwegian border in the high North, is a key area for the Soviet defense posture. It is the home-port area for some 65 percent of the Soviet strategic missile-carrying submarines and 60 percent of the nuclear-power submarines in the Soviet arsenal. In addition, the Kola peninsula is an important early-warning and defense area against air attack. Soviet investments in radar installations, ground-to-air missiles and interceptor aircraft are of a high order. The air defense forces

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in the region include more than 200 interceptors, of which some 100 are stationed on the Kola peninsula, and some 30 ground-to-air missile stations (equipped with SA-2, SA-3 and SA-5 missiles). Finally, the Kola peninsula is the home-port area of the strongest of the four Soviet fleets, the Northern Fleet, which plays a key role in the Soviet Union's global naval power. It comprises some 70 major surface combatants, including a Kiev-class aircraft carrier and some ten Kresta missile cruisers, as well as some 130 attack submarines. Thus the northern regions may also become linked to deployments in support of Soviet interests in distant parts of the world.

Less than 15 percent of the Soviet strategic missile-carrying submarine (SSBN) fleet is routinely kept on station, making the Kola peninsula particularly important as a strategic base area. About half of the SSBN force is equipped with missiles which cannot reach targets in North America from the Barents Sea. The Soviet submarines with these missiles have to pass into the central Atlantic and in the process cross the anti-submarine warfare barriers which NATO may establish as part of a forward defense of the trans-Atlantic sea lines of communication.

The increased range of the new generation of submarine-launched missiles has resulted in the Barents, the Norwegian and the Greenland Seas acquiring new strategic significance as both transit and patrol areas for the Soviet strategic submarine forces. The Soviet Northern Fleet already includes more than 20 submarines of the Delta class with long-range SS-N-8 and SS-N-18 missiles. The Typhoon class (with SS-NX-20) will strengthen the Soviet option of rearward deployment, including the Polar basin. The monitoring of submarine traffic in the northern regions has thus become an important element in forward U.S. continental defense. At the same time, increases in the range of U.S. submarine-launched missiles reduce American dependence on operating SSBNs in forward sea areas where it is possible for the Soviet Union to deploy considerable numbers of attack submarines. Meanwhile the strategic position of Norway is inextricably linked to the evolution of the central balance, including the structure and emphasis which may emerge from the SALT process aimed at limiting strategic nuclear arms.

The configuration of Soviet deployment and access in the northern region implies a complex pattern of options and constraints. Norwegian, and indeed Nordic, security policy must reflect the implications of that pattern as well as opportunities for structuring Soviet incentives.

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In strategic terms the northern region of Europe may be described in terms of two-abutting triangles. The Soviet triangle has its forward point at Murmansk and the small ice-free area adjacent to the Soviet-Norwegian border. Here the Russians have their only naval and air bases with open access to the Atlantic. One side of the triangle extends some 1,200 km southward to a base area around Leningrad, from which another extends some 700 km southeast to the Moscow Military District, and the third runs for some 1,800 km back to Murmansk.

This triangle points toward a Western defense triangle with a baseline of some 950 km extending from Iceland to Scotland and two sides of approximately equal lengths of some 1,700 km reaching respectively across the Norwegian Sea from Iceland to northern Norway and from Scotland up to and along the Norwegian coast to the Troms area.

In discussing strategic problems it is necessary to examine first the physical possibilities. They define to some extent the possible options and the concerns of the powers involved. Such an examination does not, of course, imply any judgment with respect to intentions. A strategic assessment must also include the constraints which circumstances impose. This broad view is particularly important in considering the strategic environment of the European north.

Soviet, as well as NATO, strategic concerns in the northern region presumably focus on the potential conduct of major war operations. Primary among those concerns will be protection of missile-carrying submarine launch zones and transit routes. Another primary concern will be protection against the Norwegian Sea being used for carrier-based strikes against the U.S.S.R. and the penetration and destruction of anti-submarine warfare barriers in the Greenland-Iceland-U.K. gap and off Northern Norway. The result is a likely Soviet interest in establishing sea control north of the Greenland-Iceland-U.K. gap in order to prevent NATO naval incursions into the ocean area.

However, any such protection of the Kola peninsula would tend to cut off Norway from seaborne external reinforcements. The task of establishing sea control would require the major portion of the submarines of the Northern Fleet and most of its surface combatants and maritime strike aircraft, the latter of which constitute a major challenge to Western surface traffic. The air component of the Northern Fleet includes some 170 bombers and reconnaissance aircraft of the Badger and Bear types. Soviet Backfire aircraft have flown missions from the Kola peninsula

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into the Norwegian Sea, but so far they have not been deployed permanently to bases in the Kola region. Cruise-missile submarines north of the Greenland-Iceland-U.K. gap would presumably constitute a major prop in a Soviet attempt to exercise sea control in the Norwegian Sea.

Soviet control of the Norwegian Sea and its littoral areas would constitute a major threat to Western sea lines of communication linking North America to Western Europe. Moreover, control of Norwegian air bases would be very important in order to mount such a threat. It is arguable, of course, that the fight for control of sea lines of communication would be of primary interest only in the event of a long drawn-out war and that such a contingency does not appear very likely. However, judgments are inherently uncertain and have to encompass a broad range of assumptions concerning the scenario, including the course and speed of possible escalation. It is equally important that the inability to fight a long war could amount to a serious bargaining disadvantage in a crisis and could affect political calculations in a manner harmful to Western interests.

At this point one should emphasize that the Soviet posture in the north strongly inhibits Soviet freedom of action. The concentration of important naval and central war forces in a narrow coastal strip constitutes an obvious element of vulnerability to preemptive strikes, a state of affairs which seems bound to temper incentives to use military force for limited gains in the area. However, those very constraints could constitute incentives for extending control over adjacent territory in the initial phases of a major war.

Concentration and deployment of naval forces with the aim of executing a preemptive attack on NATO naval forces in the North Atlantic would alert the central front and, in any event, imply enormous problems of coordination, even if the moves were disguised as exercises. Neither NATO nor the Soviet Union maintains permanent naval combat patrols in the Norwegian Sea. This is an important element of reciprocal restraint in a sensitive area. Soviet and Western maritime patrol aircraft maintain surveillance of the sensitive ocean areas off Northern Europe, and their ability to ascertain the absence of feared threats contributes to stability. The fact that Norwegian aircraft are responsible for patrols in the Barents Sea, thereby enabling NATO to avoid American patrols in the immediate vicinity of the Soviet base structure on the Kola peninsula, is another element in a complex but tacit pattern of restraint.

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The Norwegian security calculus thus has to be a complex one. It is clearly not in the interest of national security or regional stability to challenge the integrity of the Soviet posture on the Kola peninsula. No allied maneuvers, for example, take place in the county of Finnmark, leaving a distance of some 800 km between the sites of such maneuvers and the Soviet-Norwegian border measured along the only road. The major restraint is, of course, the unilateral policy of not permitting the stationing of foreign troops in Norway as long as the country is not threatened or attacked. A corollary and development of that restraint is the policy of not allowing the deployment or stockpiling of nuclear or chemical weapons.

At the same time it has been an objective of Norwegian defense policy to block any option of limited war against North Norway by raising the force requirements for the adversary to a level where the risks of escalation will appear forbidding. Establishing a high probability of having to fight non-Norwegian forces at an early stage of an attack on Norway is considered particularly important from the point of view of raising the risk level. Norway has attempted to choose postures and arrangements which emphasize defensive intentions, while recognizing, of course, that ambiguities will always remain. Mobilization and transit times involved in the transfer of division-size units from the Leningrad area or the Moscow Military District to the Kola peninsula are on the order of one week and two weeks respectively. Stability depends to some degree on the ability of Norway and NATO to match the rate and volume of a force buildup on the Soviet side, taking into account also the defensive advantages of the geography of Northern Norway.

In this connection we must examine the Soviet pattern of deployment and activity with a view to distinguishing possible elements of restraint. Analysis here is necessarily uncertain, since the Soviet Union, unlike Norway, has not explicitly and authoritatively identified a policy of restraint or the concrete measures that includes. Soviet "signals," by contrast, are vague and uncertain. However, Norway recognizes that the development of a code of behavior incorporating the notion of reciprocal restraint is a *conditio sine qua non* for the evolution of a stable East-West relationship and for progress in the field of arms control. Consequently, efforts must also be made to distinguish potential elements of restraint on the Soviet side and to encourage Moscow to spell out their shape and content.

Soviet ground forces on the Kola peninsula are limited in size

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compared to requirements for a major offensive against central portions of North Norway. Their numbers have been fairly stable for two decades, although marginal changes have taken place in connection with the restructuring of Soviet army units. The ground forces on the Kola peninsula consist of two motorized infantry divisions of category B status. In addition there are missile, artillery and air defense support brigades and a marine infantry regiment. No fighter-bomber aircraft are deployed to airbases on the Kola peninsula. The only tactical aircraft (belonging to Frontovaya Aviatsia) are two squadrons of reconnaissance aircraft at the top of the panhandle. The rest of the active airbases are operated by the air defense forces (PVO Strany). Thus it is possible to discern some possible restraints with respect to deployments.

With respect to operations, major Soviet exercises on the Kola peninsula in recent years apparently have not included maneuver forces such as airborne troops and marine infantry units. It also seems that the practice of including the embarkation of motorized infantry units in the exercise pattern has been de-emphasized. These are the elements in the Soviet pattern of exercises which had been causing the most public concern in Norway. It is therefore possible that the rudiments of a pattern of mutual restraint may be emerging. Such a concept is central to the broader notion of Nordpolitik.

III

Norway joined NATO in order to put its defense in a collective framework. However, Norway recognizes that it is neither feasible nor desirable to establish a military balance indigenous to Northern Europe. The military preponderance of the Soviet Union in Northern Europe is a result of deployments which relate directly to the global equilibrium with the United States in the realm of central war and naval forces. Therefore, an attempt to establish a sub-regional military balance in Northern Europe could amount to a challenge to the Soviet position in the larger calculus. At the same time, Norway does not want to become a victim of the dictates of such a calculus. There is more to international relations than the military safety and competition of the major powers. The pattern of alignment and restraints must reflect also the will of small and medium powers to pursue their national interests and an international order based on the notion of the equality of states.

NATO provides a framework for Norwegian drawing rights on

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the larger equilibrium in Europe. Linkage to the security structure in Europe at large is a means to preserve a low military posture in Northern Europe. However, that posture has to present credible obstacles to military aggression consistent with the maintenance of a defensive emphasis. Allied reinforcements rather than forward stationing constitute the core of deterrence on NATO's northern flank.

In January 1981 Norway and the United States signed an agreement for the prestocking of certain heavy equipment and for host-nation support of a U.S. marine amphibious brigade as Allied reinforcement to Norway in an emergency. Norwegian authorities decided that the depots would be located in Central rather than North Norway, although on purely military grounds prestocking should, in the view of many observers, have taken place in North Norway.

However, broader considerations entered into the decision. In the ambiguous circumstances of an actual crisis situation, any government might shy away from decisions which promised to rock the boat. Moving U.S. marines into Central Norway could constitute a more credible means of demonstrating resolve with the aim of deterring attack, and involve a smaller escalation potential than a direct move into North Norway. It might therefore lend itself to earlier implementation. It would certainly provide options for redeployments to exposed areas. Therefore the choice implied increased flexibility with respect to alternative contingencies, and enhanced protection for the reinforcements during the vulnerable reception phase. There was also the need to demonstrate defensive intentions vis-à-vis the Soviet Union and to preserve the equilibrium in Northern Europe vis-à-vis the Nordic states.

The agreement on prestocking for an allied U.S. marine amphibious brigade in Central Norway enabled Norway to decide on prestocking equipment for an additional Norwegian regimental combat team in North Norway. Thus the combined solution resulted in improved rapid-reinforcement capabilities for both North and Central Norway, and was consistent with the established pattern of combining insurance with reassurance. The net result of the decisions was to increase the options for forward defense within a concept of flexible response. A limited amount of prestocking has also been decided for the U.K. Royal Marines (over-snow vehicles) and for some units of the Canadian Air-Sea Transportable Brigade Group which has been earmarked for reinforcement of Norway.

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The most time-urgent needs for reinforcement in an emergency would be fighter aircraft, primarily air defense aircraft, to supplement the 72 Norwegian F-16s. The picture with respect to air reinforcement has been somewhat confused, as few NATO squadrons had airfields in Norway as initial deployment bases, and in most cases only as one of several additional deployment bases. The new rapid-reinforcement plan in NATO presumably will result in greater certainty, more suitable aircraft, and more realistic (but smaller) numbers. A certain amount of prestocking of fuel, ammunition and "yellow gear" at key airfields under the U.S.-Norwegian Colocated Operating Bases agreement will add to the effectiveness of allied conventional air reinforcement.

The Norwegian government has emphasized that it has decided on limited and precise measures designed to meet the novel circumstances of the 1980s. The arrangements are limited rather than open-ended in scope, and they do not signal any change in the structure of the Norwegian defense posture. Their implementation should constitute a plausible solution to the Norwegian defense problem in the decade ahead. Maintaining NATO control and preventing enemy control of Norway is an important element in the defense of Central Europe. The latter depends to a considerable degree on NATO's ability to protect the Atlantic sea lines of communication. Norwegian airfields and the coastal areas which permit naval dispersion are critical to that task. Hence, the measured arrangements for allied reinforcements, in the Norwegian view, contribute to general stability in Europe as well as to specific maintenance of the equilibrium in Northern Europe.

The basic point is that Norway has insisted on emphasizing the defensive nature of allied intentions through the specific configuration and scope of the measures involved for earmarking, prestocking and host-nation support. Similarly, plans for air reinforcement should emphasize specific Norwegian defense requirements and stress defensive aspects. A prudent trade-off between considerations relating to allied insurance and reassurance vis-à-vis her neighbors is another key component in Norwegian Nordpolitik.

The decisions on prestocking caused a major controversy in Norwegian society, with public opinion sharply divided. This was the first time that the broad consensus which has traditionally prevailed with respect to the basic features of Norwegian security policy was broken. It is likely that the controversy was exacerbated by the fact that it followed closely in the wake of the proposal of 1977–78 for NATO to deploy the so-called neutron bomb—a proposal that was, of course, deferred—and the NATO decision of 1979

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for the modernization of theater nuclear forces.

While in substance prestocking would add to conventional defense options and tend to raise the nuclear threshold, an impression was created that the arrangement was part of a pattern leading to increased risks of nuclear warfare in Europe. The manner in which U.S. nuclear doctrine was presented through Presidential Directive 59 in the midst of the U.S. presidential campaign added to the concerns. The opinion polls taken after the signing of the agreement on prestocking indicate that 56 percent are in favor of the prestocking of allied equipment while 40 percent oppose it. The government has been picking up support.

IV

The series of controversies over security issues in part reflects and in part has stimulated broad concerns in Norway over the nuclear arms race and the role of nuclear weapons in the defense of Europe. The concern is broadly based and includes particularly large segments of the parties in the center-right, center and center-left of the political spectrum, as well as important sections of the Norwegian clergy. Women and young people have been especially active in the broad coalitions which have been spun.

Some may find it paradoxical that nuclear weapons should become a salient political issue in a country which has decided that nuclear weapons are not to be deployed or stationed on its soil. Originally, in the early 1960s, Norwegian authorities tried to preserve some options by insisting that the restrictions only apply in peacetime. However, subsequent decisions not to make contingent arrangements for the transfer of nuclear weapons in crises or in war have resulted in Norwegian defenses encompassing only conventional forces.

The long-term program of the Norwegian government and the party platform for the ruling Labor Party for the next parliamentary period stipulate that Norway will work for the establishment of a nuclear-weapon-free zone in the Nordic area as part of the efforts to reduce nuclear weapons in a broader European context. That formulation identifies a general policy thrust rather than a concrete program. It is sufficiently permissive to allow for diplomatic flexibility. In some sense the very term "nuclear-weapon-free zone" may be misleading, as it conveys connotations from the 1950s and 1960s which are not relevant to the conditions of the 1980s. A "no-deployment zone" would probably have been the most appropriate label at the present time in view of the restric-

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tions which are likely to be included in any arms control agreement limiting long-range theater nuclear weapons (LRTNF) in Europe—a subject on which the United States and the U.S.S.R. are to start negotiations this year. It is, of course, possible that subsequent East-West negotiations might encompass rules and constraints with respect to employment which could then apply *pari passu* in a nuclear-weapon-free zone in the Nordic area. The concept of such a zone is not a static one. It could be developed over time in the context of broader East-West arrangements.

The Norwegian concept is targeted on the nuclear weapon issues of the 1980s. It is not a reiteration of earlier proposals for an isolated and limited zone to be established in Nordic Europe. Rather it is a concept which links the security environment in Nordic Europe to the security order in Europe at large. It reflects a policy of coupling rather than decoupling.

The special position of the Nordic states with respect to the deployment of nuclear weapons is an established feature of the security system in Europe. That feature should, in the Norwegian view, not remain a static one, but rather constitute a platform for the further construction of a more viable security system in Europe based on notions of reciprocal reduction and restraint. For the Nordic states, reciprocity is obtainable only within the broader framework of general agreements on reduction and restraints with respect to the whole of Europe.

The nuclear threat against the Nordic area consists of both Soviet short-range nuclear systems deployed in the Kola and Baltic areas, and long-range systems, such as the SS-20, which are deployed deep in the Soviet Union to the west as well as to the east of the Urals. A possible LRTNF limitation agreement might include, *inter alia*, both restricted deployment zones and no-deployment zones. The Nordic area might be identified as a no-deployment zone in such a context. Any viable agreement would presumably also have to incorporate provisions prohibiting circumvention of the primary constraints resulting from forward deployment of shorter range weapons. Nordic Europe has a strong interest in such non-circumvention provisions.

Thus the Norwegian concept for a nuclear-weapon-free zone in the Nordic area is not an alternative to LRTNF negotiations, but an attempt to link Nordic Europe to the process and outcome of those negotiations. Furthermore, the shape and content of the restrictions applying in such a zone could be further augmented and developed within the context of possible agreements on nuclear arms control in the Mutual and Balanced Force Reduc-

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tion talks or a future Conference on European Disarmament.

While the precise configuration of the restrictions which would apply within a nuclear-weapon-free zone in Nordic Europe has been left deliberately vague in order to preserve diplomatic flexibility, the Norwegian government has defined explicitly some of the key conditions. Thus, Norway would not enter into any commitment which would alter her obligations and participation in NATO and its defense arrangements. It should be noted again in this connection that Norway does not allow the stationing, deployment or stockpiling of nuclear weapons on Norwegian soil. Norwegian forces are not trained in the use of nuclear weapons; there are no special munition sites, and no special nuclear custodial units are stationed in Norway, which has no program of cooperation agreements with the United States in the nuclear weapons area. Norway, of course, has ratified the Non-Proliferation Treaty (NPT) and the Limited Test Ban Treaty, and cooperates actively in the safeguards program of the International Atomic Energy Agency.

Nor does Norway envisage from the nuclear weapon states special guarantee arrangements specifically tied to the establishment of a nuclear-weapon-free zone in Nordic Europe. Such an agreement could in actual practice concede to the Soviet Union a kind of *droit de regard* with respect to security policy in general and cooperation with the United States in particular. Rather, Norway envisages a strengthening of the general system of guarantees to non-nuclear weapon states under the NPT regime. Nor does Norway envisage entering into bilateral negotiations with the Soviet Union concerning the establishment of a nuclear-weapon-free zone. The direct inclusion of Soviet territory is not envisaged in a nuclear-weapon-free zone in the Nordic area. Such a constriction would tend to provide a structure for Soviet dominance in Northern Europe due to the weight of Soviet power. However, Soviet weapons in the Kola and Baltic areas as well as in more distant regions should be included as part of an overall East-West agreement.

Soviet President Brezhnev has already indicated a willingness to take certain unspecified measures on the Kola peninsula to reciprocate for the establishment of a nuclear-weapon-free zone in the Nordic area. It has been speculated that measures might include the dismantling of SS-5 missiles. However, that type of missile is being dismantled anyway in the U.S.S.R. as part of the SS-20 modernization program, and Norway does not favor a subregional negotiation over weapon systems which belong in the LRTNF basket.

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The proposal for a nuclear-weapon-free zone has served to structure and channel prevailing concerns, and it has provided an occasion for reiterating and emphasizing the basic contexts and linkages of Norwegian security policy. Nordpolitik incorporates the notion that Norwegian security is inextricably linked to the broader security order in Europe. There is no hiding the fact, of course, that there are contending views with respect to the modalities and contexts for a nuclear-weapon-free zone in the Nordic area, but the government has made its position clear.

A proposal for a nuclear-weapon-free zone in Nordic Europe alone was originally presented by Soviet Premier Bulganin in 1957. During the 1960s and 1970s the idea was proposed by the Finnish President, Urho Kekkonen. Both the Bulganin and the Kekkonen proposals envisaged a separate and isolated arrangement in Nordic Europe, and were rejected by the other Nordic states. The Norwegian government has reiterated its opposition to such schemes, which it considers unbalanced and wanting in reciprocity from the Soviet Union, the only country to deploy and station nuclear weapons in Northern Europe.

V

While the region of the high North has become increasingly important strategically, its importance has also grown from the point of view of resource management. It contains some of the most significant fisheries in the world, and is generally thought to have rich potential in terms of petroleum resources.

Technology has made modern fishing so effective that strong needs have arisen to regulate activity in order to protect stocks. Such regulation requires international cooperation between the coastal states and the relevant distant-water fishing states. In the Barents Sea they include primarily Norway, the Soviet Union and the European Community. But technological developments not only create needs for regulation; they also create novel problems of distribution, as coastal populations face the danger of being deprived of their traditional source of livelihood. Consequently, it has become important for Norway to secure preferential access for her coastal population to the fishing resources off the coast, particularly in North Norway.

The new dimensions which the Law of the Sea acquired with the emergence and adoption of such concepts as the continental shelf and the exclusive economic zone have created a new legal framework of particular importance to the European high North. Developing a coherent approach to the triple problem of aligning

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considerations of international security, resource management and the constitution of a new legal framework in the sensitive region of the high North has become a major element of Norway's Nordpolitik.

In recent years Soviet-Norwegian relations have to a considerable degree revolved around competing interests with respect to the pattern of jurisdiction in the northern areas. No agreement has been reached on the delineation of jurisdictional boundaries on the continental shelf in the Barents Sea. Nor do the two countries see eye to eye with respect to the legal status of the offshore areas around the Svalbard archipelago. While these disputes are being argued in the categories and currency of international law, the real issue at stake may be the pattern of influence which is to prevail in the northern areas in the years to come. The Soviet position in the eyes of some observers implies a kind of condominium, with the great power as the bigger partner. The Norwegian vision is that of a pattern of separate and clearly drawn jurisdictions. It has been suggested that the Soviet model can be advanced by keeping open the issues of jurisdiction and pushing for joint management schemes, while the Norwegian one depends on explicit resolution of the jurisdictional issues.

The dilemma has been sharpened by pressures from domestic fishing interests to establish management regimes in order to promote preservation as well as distribution of the catch in their favor. Management of the fish stocks requires Soviet-Norwegian cooperation since they constitute so-called joint stocks migrating through areas of both Norwegian and Soviet jurisdiction as well as through disputed areas. The most important example is the arctic cod, which spawns along the coast of North Norway but spends a great part of its life cycle as a juvenile in the Barents Sea, including the Soviet zone. Efficient management of such joint stocks requires that the adjacent coastal states establish some cooperative system of joint management, and that they agree on the measures needed for the operation of such a system. Joint management may in some circumstances be more easily exploited to advance condominium arrangements than to resolve clear jurisdictional disputes.

Norwegian strategy has focused on separating the short-term management issues from the long-term jurisdictional ones. That separation has had to be accomplished in such a manner as to minimize the prejudicial impact of any interim management arrangement on the long-term settlement of the jurisdictional issue. In part this has been done by constructing interim arrange-

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ments on the basis of criteria relating to management rather than principles for the delimitation of boundaries. In part Norwegian policy has tried to mobilize diplomatic support through regular, advertised consultations on problems in the northern areas with the United States and Great Britain.

Finally, Norway has played a leading and visible role in the Third United Nations Conference on the Law of the Sea (UNCLOS III) and is thereby putting herself in the position of generating international support for the principles with respect to jurisdictional delineation which she has specifically argued for the northern areas.

Norway and the Soviet Union have been negotiating about the line of delimitation between their respective continental shelves in the Barents Sea since 1970. Both countries agree that the solution must be based on the Geneva Continental Shelf Convention of 1958 (to which both countries are party), according to which boundaries of the continental shelf between adjacent and opposite states shall be determined by agreement between such states. In the absence of such agreement the boundary line shall be the median line or the line of equidistance, unless "special circumstances" justify another boundary.

During the negotiations, Norway has expressed her view that the area in question does not encompass such special circumstances as to call for a boundary different from the median line. The Soviet Union, however, has maintained that special circumstances indicate a different solution, and that that solution should be based on the so-called sector line. This means that in the Soviet view the boundary should follow a straight north-south line toward the North Pole except for certain adjustments around the Svalbard archipelago. The special circumstances claimed by the Soviet Union include such factors as economic and security interests—criteria which favor the larger party. Norway prefers criteria which point toward equal terms.

A solution in accordance with the Soviet view would result in the boundary being drawn far west of the median line. (The disputed area between the median line and the sector line amounts to roughly 155,000 sq. km, which is equivalent to the area covered by the Norwegian continental shelf in the North Sea.) The Norwegian government has publicly stated its readiness to contribute to a compromise solution through negotiations. However, the Soviet position has remained virtually inflexible. In part, that inflexibility may reflect uncertainties with respect to the value of the areas to be distributed (no oil drilling has taken place in the

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disputed area, but the geological indications are favorable). In part, it may also reflect fears of creeping jurisdiction leading to closure of the economic zone to the detriment of free navigation. The Soviet Union has a strong interest in ensuring free naval passage between the Barents and the Norwegian Seas. However, Norway as a major maritime nation shares the Soviet interest in freedom of navigation and would be unlikely to weaken that principle.

For the time being there is no urgency, as exploitation of the petroleum resources in the Barents Sea still lies in the future. Since Norway has only recently opened the large continental shelf off Central and Northern Norway for exploratory drilling, she can afford to postpone exploration of the disputed area. The Soviet time schedule may be less relaxed. In the meantime Norway has emphasized the need for both parties to refrain from any actions in the disputed area that would require coastal state jurisdiction—and that includes exploratory drilling—until the issue is resolved by agreement.

Norway believes that, following the establishment of 200-mile economic zones, states should aim for comprehensive agreements creating coinciding boundaries for the continental shelf and the water column within the 200-mile limit. However, since Norway and the Soviet Union were unable to agree on the continental shelf boundary and since the task of regulating fisheries in the Barents Sea was becoming an urgent one, Norway decided to separate the functional issues of regulation from the question of jurisdictional delimitation. Thus, Norway proposed a temporary fishing agreement for the disputed area.

Care had to be taken not to prejudice the long-term jurisdictional delimitation by a temporary regulatory arrangement. The arrangement was to be limited to the ocean areas inside 200 miles from the baseline, as neither of the two coastal states has the right to extend its jurisdiction over the water column beyond the 200-mile limit. The so-called grey zone agreement was concluded in January 1978, and has been extended three times for one-year periods. The agreement caused considerable political controversy in Norway—not the content of the agreement but the definition of the area to which it applies, for the "grey zone" is not congruent with the disputed area. It includes an area west of the sector line as well as another area east of the median line, the former of which is significantly larger than the latter.

In the debate about possible prejudicial effects on the delimitation talks, it was frequently forgotten that the balance of the

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"grey zone" agreement has to be assessed on the basis of fisheries policy and not in terms of jurisdictional delimitation. Hence, distribution of the catch and fishing grounds is more important than the distribution of the total area of the "grey zone" relative to the median line. In addition, regulation of the fishing activities has to be considered in connection with the migrating patterns of the fish. Norwegian interests would not be served by a regime which would increase the Russian harvest of juvenile fish in the eastern portions of the Barents Sea.

Norway and the Soviet Union do agree that the provisions of the temporary fisheries agreement shall not prejudice the position of either party in the negotiations on the boundary, and an explicit statement to that effect is included in the agreement. Nor does the agreement envisage any kind of joint enforcement. It constitutes a practical solution to a specific problem. Furthermore, it provides a useful building block for expanded cooperation between Norway and the Soviet Union in fields which are not part of the East-West conflict, but which may over time mitigate the consequences of that conflict for relations between the two neighboring states.

The Svalbard archipelago occupies a key position in the changing environment of the European high North. It has an important strategic location, defining together with North Norway the gateway between the Barents and the Norwegian Seas. The Svalbard Treaty of 1920 conferred upon Norway the sovereignty over the islands, at the same time giving certain rights to all parties to the Treaty (41 in all). All nationals of the contracting parties have the right to carry out maritime, industrial, mining and commercial operations on the basis of absolute equality. Such activities are, however, "subject to local laws and conditions," but in exercising its regulatory powers Norway may not discriminate between the nationals of the parties to the Treaty. Furthermore, the Treaty explicitly prohibits the establishment of naval bases or fortifications on the islands, which must not be used "for warlike purposes." Norway has the responsibility of ensuring adherence to this provision. At present, only one Soviet and one Norwegian mining company conduct permanent activity in the archipelago. The Soviet Union maintains a settlement twice the size of the Norwegian one, though that ratio may change as a result of a new Norwegian mining project.

The Svalbard Treaty then explicitly stipulates that all activities in the archipelago must be conducted subject to local laws and regulations, which are established by Norway as the sovereign

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power. Even if there had been no such explicit provisions in the Treaty, the regulatory power of the Norwegian government would flow from the sovereignty over the islands which the Treaty conferred upon Norway. However, a certain difference of view between Norway and the Soviet Union has arisen with regard to the scope of the authority of Norway as the sovereign power. Specific disputes involve the validity of certain Norwegian regulations concerning radio communication, environmental protection and helicopter operations. The Soviet Union has advanced the view that the right of Norway to regulate the manner in which activities on Svalbard should be conducted is subject to prior Soviet agreement on the content of the regulations. This position points in the direction of claiming special privileges for Soviet nationals.

Such a position is unacceptable to Norway. Norway recognizes, however, that all operators on Svalbard have an interest in familiarizing themselves with draft regulations and in being able to submit comments. Hence, a hearing procedure has been instituted. That procedure does not amount to consultations at the state-to-state level. Final decisions are a Norwegian sovereign responsibility.

Until now no drilling for oil has taken place on the continental shelf in the Svalbard area. The likelihood of such drilling in the future raises the issue of the juridical status of the shelf area. Norway believes that the Svalbard Treaty, with its provisions on non-discrimination, does not apply beyond the territory of Svalbard proper, including the territorial sea of four miles. (The Norwegian shelf in the Barents Sea extends from the coast of North Norway up to and beyond Svalbard.) The major Western powers have reserved their position concerning the Norwegian legal position, without indicating that they necessarily oppose it. The Soviet Union, as early as 1970, took explicit exception to the Norwegian view and declared that Svalbard has a separate shelf to which the Svalbard Treaty regime must apply.

In the Norwegian view, stability and a state of low tension would be best served by general adoption of Norway's position. Norway, as the sovereign coastal state, must be able to fully regulate exploration and exploitation of hydrocarbons. The Svalbard Treaty and the associated mining code provide for a regime based on non-discrimination. They are poorly suited for regulating offshore activities. Competitive exploitation under the favorable tax conditions which apply on Svalbard could result in a volume and pattern of activity which might generate tensions and uncer-

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tainty in an area of great significance to the management of the central strategic balance.

While Norway believes it has the right to establish a full economic zone in the Svalbard area, such a move could raise prematurely the outstanding legal issues. Therefore, Norway once more has chosen to separate the issue of fisheries regulation from that of jurisdictional delimitation. In 1977 Norway established a non-discriminatory 200-mile fisheries protection zone around Svalbard. The non-discrimination feature was possible because there was no need to secure preferential access for fishermen from the coastal states, and because it postponed resolution of the controversies with regard to the applicability of the Svalbard Treaty. No problems ensued with regard to the fisheries protection zone being recognized by the Western powers. However, the Soviet government refused to recognize the legal validity of the zone, although no element in the Norwegian regulations for fishery protection contravenes the Svalbard Treaty, which in the Soviet view applies to the area in question.

We see then that the long-term political task of shaping the pattern of jurisdiction and influence in the northern area comes into conflict with the more immediate task of regulating access to vulnerable protein resources. In the future, exploitation of hydrocarbons may well add to the problem.

Thus, the complexities of resource management, jurisdictional delimitation and strategic interests in the high North involve relations among Norway, other Nordic states and the European Community, as well as relations with the Soviet Union. The overall task amounts to preserving stability and balance in the area. Willingness to exercise mutual restraint, to separate the issues, and to seek equitable compromise are necessary aspects of a constructive Nordpolitik. It is equally important to preserve a coherent vision of the framework within which adjustments and adaptations to altered circumstances can take place.

VI

With the exploitation of oil and gas reserves in the North Sea area, Norway has become an oil-producing country and a net exporter of petroleum products. The present level of production is six times greater than the domestic consumption. It will reach a level of some 60 million tons of oil equivalents per year by the mid-1980s. All oil and gas from Norwegian fields are produced in the North Sea area.

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All the gas produced on the Norwegian continental shelf is exported to the European Community countries, and some 70 percent of the oil goes to Western Europe (the balance is going mainly to the United States). Norway will remain a marginal producer from the point of view of global supplies. The present production is but 0.6 percent of total world production. However, a marginal producer can play an important role in ensuring steady flows. The Norwegian government has established 90 million tons of oil equivalents per year as a target defining a moderate level of production which will constitute a measurable contribution in European terms. According to present estimates, that level of production will be reached by the early 1990s.

It is estimated that by the 1980s Norway will supply some five to seven percent of the oil requirements of the European Community area and ten to 20 percent of its gas requirements. Established reserves indicate potentialities for Norway becoming a very large gas supplier in the 1990s. Uncertainties prevail, however, with respect to the structure of prospective fields of production and the installation of infrastructure for bringing the production on stream to the European markets. Lead times are considerable. Since the North Sea shelf has tied Norway closely to the European Community, doubtless the strategic importance of Norway to the rest of Europe in economic as well as in military terms will increase in the decades ahead.

An annual production level of some 70 to 90 million tons of oil equivalents will account for some 20 to 25 percent of the Norwegian gross national product and a 40 to 45 percent share of Norway's export earnings. Domestically the increased revenues will be directed toward investment rather than increased consumption. Norwegian industry is in need of modernization and restructuring in order to maintain a high wage level and international competitiveness. Thus industrial cooperation agreements tied to agreements on energy supplies constitute an important mechanism in Norway's relations with Sweden and the European Community. Following reduction of her foreign debt, Norway will become a capital-exporting country as well.

Exploratory drilling for oil started in 1980 on the Central Norwegian shelf and in the northern areas. The results are promising but not conclusive. In view of the lead times involved, production from the northern fields cannot come on stream until the early 1990s. The international oil companies have played a decisive role in the development of petroleum fields on the Norwegian shelf, and they will continue to play an important role.

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But a certain "Norwegianization" will take place with respect to the participation of Norwegian companies in exploration and production on the whole Norwegian shelf, in the supply of goods and services on the shelf, and in the development of downstream activities such as refining, the petrochemical industry and marketing.

As the hunt for petroleum moves into the high North, Norway will confront the task of regulating another area of activity with a view to preserving the state of low tension in the security field while at the same time exploiting offshore resources in order to differentiate and strengthen the economy of the entire Northern Cap area (including the northern parts of Norway, Sweden and Finland) and providing a better basis for maintaining a pattern of relatively scattered settlement throughout the area. These settlements are also important from the point of view of national security.

Offshore drilling constitutes a new frontier of human activity. In the high North it will be established in a sensitive area. In order to extend the traditional emphasis on reassurance with respect to potential military threats, it may be useful to consider an international convention declaring that offshore petroleum installations shall not be used for military purposes. In general terms such a convention would fit into the pattern established by the Antarctic Treaty, the Outer-Space Treaty and the Seabed Treaty, of excluding the frontiers of human activity from the military competition. Verification should be based on international rather than reciprocal arrangements in order to avoid specific pressures for *droits de regard* with respect to energy or security policies concluded on a bilateral basis.

VII

The Federal Republic of Germany, through an imaginative Ostpolitik, played an important role in the evolution of the political order in Europe during a critical period. Norway confronts the challenge of formulating an equally imaginative Nordpolitik, and the preceding analysis has suggested some of its themes and elements.

There are strong structural similarities between the German and the Norwegian tasks and approaches. The building blocks include ground rules for a modus vivendi and practical measures of cooperation. The condition of low tension in the North constitutes the established modus vivendi which has to be strengthened

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by a broader pattern of mutual restraint in order to cope with the processes of change.

Norway and the Soviet Union are in a position to broaden cooperation in several areas in addition to the core area of fisheries. Increased activity at sea will increase the need for cooperation in search and rescue operations. Similarly, the task of protecting the northern ocean environment against pollution from on- and offshore activities is a shared one between the two coastal states on the Barents Sea. Norway has moved in to the vanguard of modern technology for offshore operations in northern waters, and such operations could presumably constitute an interesting area for industrial cooperation with the Soviet Union. Expanded cooperation in such fields could well broaden the interplay between Norway and the Soviet Union so as to reduce the sharpness of conflicts in the security policy fields. It could also provide cushions for preventing their opposing interests in the security field from dominating their entire relationship.

The conditions for a credible Nordpolitik include the extension of a viable balance of power to the northern region. Such extension presupposes vital Norwegian ties to the Western maritime nations and to the security order in Europe at large through NATO. However, the military balance should be constituted at the lowest possible level of military force in order to weaken the role of military power in the relationship between large and small powers. In the same vein the Norwegian perspective encompasses support and promotion of arms control schemes and legal principles to uphold and strengthen the concept of the equality of states, as well as the development of confidence-building measures to reduce the role of military force and the political shadows cast by the military activity of neighboring great powers. With respect to the construction of new management regimes for the northern ocean areas, solutions should be avoided which involve unilateral advantages or which could develop into a condominium.

It will remain a primary objective for Norwegian foreign and security policy to prevent and ameliorate conflicts which could result in intensified competition and tension in the northern area. Such objectives are also consistent with broader European interests. Practical cooperation with respect to environmental protection, search and rescue operations, resource management, industrial engineering and research could generate cooperation across the East-West divide, thus strengthening détente and protecting against inflexibility on both sides.

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Lincoln P. Bloomfield

THE ARCTIC: LAST UNMANAGED FRONTIER

On October 4, 1957 the Soviets dazzled the world by launching the first earth-orbiting space vehicle—Sputnik. In response, the United States organized the manned moon landing, made its children learn the new math, and presented the United Nations with a draft treaty of rules to keep earthly rivalries—and nuclear warfare—from outer space. The space age brought forth intensive new competition between the superpowers. But paradoxically it was also an extraordinarily creative period of international rule-making, covering not only outer space but also other environments no one country had yet grabbed—Antarctica, the high seas, the seabed, the continental shelf and slope.

At least for those special environments, it was encouraging that international common sense could compete successfully with narrow self-interest, and that steps to limit future conflicts could be accepted as a valid goal even if on land some nations still lurched from war to war.

Today new technology, combined with fresh superpower stresses, could eventually erode the agreements regulating outer space and demilitarizing Antarctica, and final agreement on sharing the "common heritage of mankind" in the high seas and deep seabed has not been reached. Yet even as superpower relations have waxed and waned through alternating periods of crisis and détente, the existing "regime-building" agreements have held up from 1959 (when the Antarctic Treaty was signed) to the present day.

There remains one notable area as yet largely untouched by existing or prospective international agreements. That exception is the Arctic.

Each of the other global (or cosmic) environments targeted for

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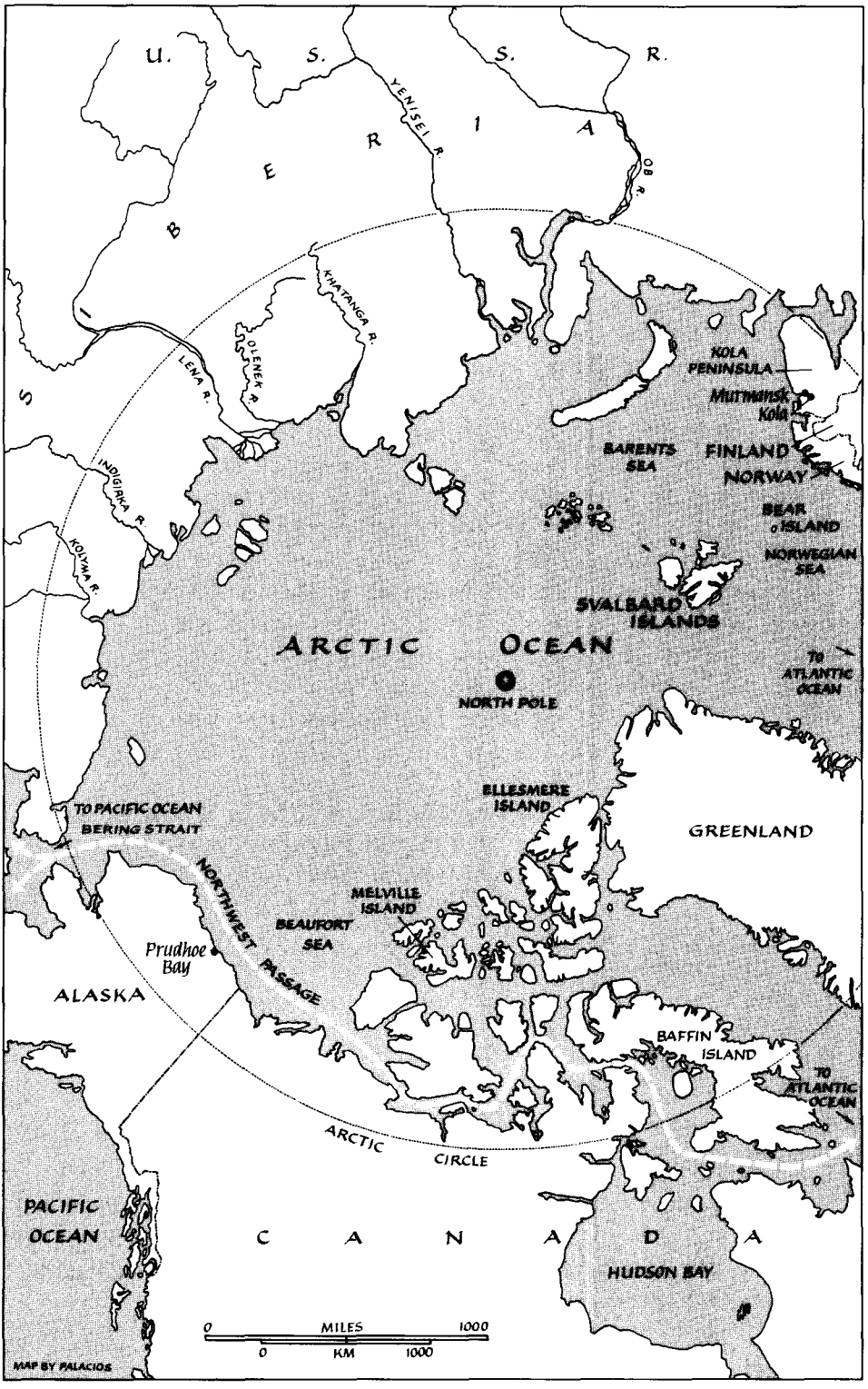

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cooperation had three recognizable features: there existed a definable environment; that environment was a potential battleground between nations that get along badly on land; and not enough claims to sovereignty, or military arming, had as yet taken place to preclude peaceful bargaining and compromise. All these environments were recognized as *potential* candidates for a modern equivalent of the 1829 Oklahoma land rush, when 20,000 would-be settlers and exploiters strained for first place in order to seize for themselves a chunk of previously unowned earth.

Is the Arctic definable as such an environment? Is it a potential battleground? Should it be the object of a special kind of arms control agreement, like outer space and the seabed? Is it on the verge of exploitation that could generate serious conflicts? If it is some or all of these things, should it be subject to general multilateral (i.e., universal) rules like the high seas, the seabed, outer space, or Antarctica? Or regional rules by the countries bordering its waters? Or bilateral agreements between pairs of them? Or none of the above?

II

To answer such questions, we need to have a better sense than most of us now do of just what is going on there, who is doing what, and why. But while the Arctic has not been on the international "action agenda" so far, a mood of healthy skepticism is in order. A case can be made that a multilateral "solution" would not necessarily be beneficial in the Arctic. Six countries border the Arctic basin. Perhaps getting 149 other countries involved is a bad idea. Maybe excessive attention to the Arctic would just get in the way of science and exploration, agitate the military planners, and in general stir up the frozen mud, as it were. Moreover, as one-time Federal Budget Director Bert Lance was wont to say, "If it ain't broke, don't fix it." So the prior question ought to be: Is there a problem? and, if there is, What is the best way to tackle it?

The starting place has to be a confession of almost total ignorance on the part of most laymen other than a handful of Arctic explorers, scientists, air force and naval specialists, and oil and mineral prospectors. These specialists know a great deal about the subject. The rest of us know practically nothing.

This may seem strange, given the increasing international attention to the *Ant*arctic. Perhaps one reason is that most of the Arctic, unlike the Antarctic, is not land but water (some of it, of course, in very solid form!). Yet unlike the Antarctic, the Arctic is

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inhabited by Indians and native peoples Americans call Eskimos, and who usually call themselves "Inuit." It is a mark of the times that the only continuing Arctic forum to date is a Circumpolar Conference of Alaskan, Canadian and Greenlander Inuit, initiated at Barrow, Alaska in June 1977. Transarctic diplomacy was thus pioneered not by the six governments of the adjacent states, but by a nongovernmental "transnational" association of native peoples. The only Arctic treaty entered into by the adjacent states, including the U.S.S.R., is the Polar Bear Treaty of 1973 (also signed by the United States, Canada, Denmark and Norway), which leaves to governments implementation of its conservation provisions. What are other differences between the Arctic and the Antarctic? The Arctic at the moment looks richer in oil, gas and non-fuel minerals. And the Arctic, unlike the Antarctic, has also long been a superpower corridor for over-the-ice bombing routes and under-the-ice nuclear-powered submarine voyages.

If you look at the adjacent polar map projection, you are struck by several interesting facts:

— the Soviet Union borders on approximately 50 percent of the entire Arctic perimeter, and is undoubtedly its leading power;

— Canada is the second largest "littoral" state, embracing an enormous mass of islands and water within the Arctic Circle; unlike southern Canada, all of the north is administered by the Canadian federal government;

— most of Greenland and the tip of Iceland fall within the Arctic Circle. Iceland broke away from Denmark in 1918; Greenland (which now has home rule) is still Danish territory—but may not be forever;

— the three other Scandinavian states—Norway, Sweden and Finland—have some territory in the Arctic Circle, but only Norway borders on Arctic waters. Norway owns the Svalbard archipelago (for some strange reason still called Spitzbergen on many American maps) which sits astride one of the most vital strategic waterways on the globe, between the Soviet mainland and the Atlantic Ocean, and harbors numerous Soviet "visitors";

— that strategic waterway, usually called the GIUK (or GIFO) Gap—for Greenland and Iceland plus United Kingdom (or Faeroes Islands)—constitutes an outlet for, and a Western barrier to, the Soviet Union's most significant concentration of nuclear forces, those on its Kola peninsula. Their egress routes run through the Barents and Norwegian Seas;

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— the United States has been pumping oil since 1977 on the northern slope of Alaska, from a field of potentially 30 billion barrels. Even more dramatic oil and gas finds may lie in the adjacent Beaufort Sea. Strategically, Uncle Sam looks to his left across the narrow Bering Strait to nearby Soviet territory, and to his right at Canada, whose Beaufort Sea coast contains comparable geological formations;
— the 200-mile Exclusive Economic Zone (EEZ), widely accepted today as a legal basis for enforceable resource exploitation and protection by coastal states, covers a substantial portion of Arctic Ocean waters. What is left is a rather modest international high seas (mainly ice) area that includes the North Pole.

III

For the most part the Arctic is militarily significant as an air route and waterway. The Soviet Union, because of its geography, has long grasped the strategic significance of the region. Given both the lack of southern Soviet ports and the intense activity in Soviet Arctic territory in contrast to the far more distant U.S. homeland, Soviet northern strategy emphasizes heavy concentration of its strategic power in the north. Today the Kola base area harbors the Soviets' largest fleet, deploying some 130 attack submarines and 70 major surface fleet combatants, as well as a large complex of tactical airbases and naval stations. Seventy percent of the Soviets' ballistic missile submarines are reported to be regularly in that northern fleet.

Moscow's strategic problem is underscored by a mean distance of only 180 miles of open water from the Kola coastline to the Arctic ice pack. As noted earlier, the powerful Soviet forces concentrated on part of the Soviet Arctic coastline are a prime concern to NATO naval and air forces that lie to the west, with the wartime mission of bottling up the Soviet fleets in the Norwegian Sea "killing zone" before they can prey on Atlantic shipping.

Polar air routes have been the basis of U.S.-Canadian (and doubtless Soviet) strategic planning ever since long-range bombers came into inventory. The Great Circle route (that is, the shortest distance) from the U.S.S.R. to the United States is across the Arctic Circle. Hence the intense activity in the 1950s to construct "distant early warning" radar stations—the DEW line—as far north as possible, plus close U.S.-Canadian cooperation in integrated air defense arrangements through NORAD, the North Amer-

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ican Aerospace Defense Command, now headquartered in Cheyenne Mountain, Colorado.

U.S. strategic interests in the Canadian north declined in the 1960s when ICBMs emerged as the chief strategic threat to the U.S. mainland. Even with a suspected refueling capability for the new Soviet Backfire medium bomber, it seems unlikely that Washington will revive its languishing air defense preparations against potential Soviet bombing attacks. But a new Soviet strategic bomber or Soviet ALCM (air-launched cruise missile) might generate a whole new northern air defense program. The enormous Canadian Arctic still provides a precious cushion of time and space to deal with incoming hostile objects well before they could reach American cities, substantially enhancing U.S. defense. Conversely, the special conditions of the Arctic, including the enormity of the region itself, make an extremely complicated area-defense problem for Soviet military planners. Obviously, even Soviet subs attempting to evade the GIUK barrier by running between Ellesmere Island and Greenland could be thwarted by U.S., Canadian or Danish countermeasures.

Moscow also has reason to be concerned with rapidly developing U.S. air-launched cruise missiles. These could inspire a Soviet ALCM, or, at a minimum, an active expansion outward of the Soviet forward defense perimeter, possibly sharpening Soviet claims to a very large quadrangle of Arctic territorial sea. This in turn could rejuvenate the presently somnolent NORAD. (On the other side of the ledger, ICBM trajectories do not necessarily cross the Arctic, and ALCMs would not necessarily have to be defended from Arctic waters.)

Few disarmament or arms control or demilitarization agreements have so far been advanced for the Arctic, with the exception of an on-again, off-again proposal, first made by Finland in the early 1960s, for a "Nordic Nuclear-Free Zone." The proposal was not focused on the Arctic but has obvious relevance. In February 1981, then Norwegian Prime Minister Odvar Nordli offered to codify in a nuclear-free-zone treaty Norway's continuing policy of refusing to allow NATO nuclear weapons on its soil in peacetime. Other NATO members reacted unfavorably, and Norway later suggested that such a plan would have to include Soviet northern deployments.[1]

Then, in June 1981, Soviet President Brezhnev used a Finnish newspaper to offer the Nordic countries a guarantee that they would never be subject to Soviet nuclear attack if they joined in

[1] *The New York Times*, February 15, 1981.

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such a zone. Brezhnev pointed out that nuclear weapons were not yet deployed in non-Soviet Northern Europe and said that it was time to give that area a status that was "sealed and legally formalized." It was left unclear how such a scheme would affect Soviet nuclear weapons in this region, or for that matter superpower nuclear weapons in transit through Arctic waters. Brezhnev hinted that he would not rule out possibilities for discussing Soviet deployments, although on July 23, 1981 the Soviet press service Novosti asserted that the Kola peninsula and Baltic Sea were excluded.[2]

The Soviet move had a mixed reception, coming as it did at a time when Moscow was working hard to deflect Western Europe from the December 1979 NATO decision to acquire theater nuclear weapons in the form of cruise missiles and Pershing-2s. Perhaps predictably, Finland and Sweden welcomed Brezhnev's initial "offer," Norway and Denmark were more reserved, and Washington was not amused.[3]

Soviet interest in the Arctic is not something new. It has existed since the time of Peter the Great, became a conscious priority after the Bolshevik Revolution of 1917, and today includes the key strategic element of hydrocarbon fuels: probably 70 percent of untapped Soviet oil resources are to be found on its continental shelf, 50 percent of which lies within the Arctic region. Over a decade ago a Soviet publication stated that for the U.S.S.R., "the polar regions are acquiring increasing importance in the development of the productive forces of society." (Translation: they are extremely important.) The Soviet paper noted that the Arctic represents for the Soviets an "invaluable depository of major minerals, ores, chemical raw materials, timber, coal, oil and gas."[4]

Even those who remember early Soviet postwar pressure on Turkey to alter the Turkish Straits regime, and on Iran to cede Azerbaijan, may not also recall that Soviet Foreign Minister Vyacheslav Molotov, at a dramatic midnight Kremlin meeting in November 1944 with Norwegian Foreign Minister Trygve Lie, also succeeded in darkening postwar Soviet-Norwegian relations by demanding revision of the Svalbard Treaty (which established Norwegian sovereignty over the Svalbard archipelago), plus cession to the Soviet Union of Bear Island, which lies approximately equidistant between Norway's North Cape and the South Cape of the Svalbard.

[2] *The New York Times*, July 24, 1981.
[3] *The Christian Science Monitor*, July 3, 1981.
[4] *Man and the Frigid Zone*, Novosti Press Agency Publishing House, no date, p. 2.

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Norway seems quite clear as to its strategic interests in the north and the linkage between the Arctic and the rest of Norway's strategic problem. Johan Jørgen Holst, Norwegian State Secretary for Foreign Affairs and an experienced defense analyst, recently wrote:

> The Northern region constitutes a flank area from the point of view of defending Central Europe. At the same time the area occupies a central balance of deterrence. The Northern region is both a flank and a core area in the East-West confrontation. . . . Norway and Denmark have emphasized in the [European arms control] talks the need to have a reduction agreement for the center region accompanied by a set of associated measures which would apply to a wider area and thereby preserve the coherence and cohesion of the security order across the regional boundaries.[5]

No other Western states seem to have that sort of integrated strategic view even indirectly embracing the Arctic.

I referred earlier to U.S.-Canadian joint continental defense. The unhappy recent shift in U.S.-Canadian relations to an abrasive and more openly resented dependency relationship is at least somewhat exacerbated by the U.S. strategic perception of Canada as a useful polar barrier against trajectories of weapons targeted on the United States which cross Canadian terrority. Put differently, Americans sometimes seem to look straight through Canada as they peer across the Arctic to the U.S.S.R.

Canada still cooperates for mutual defense. But like many a junior partner it suffers exquisitely on a whole range of issues—including being taken for granted in NORAD. The fact that only a few Americans are even aware of such Canadian sensitivities constitutes the unkindest cut of all for our northern neighbor. Impending developments in the Arctic area are likely to sharpen rather than dampen Canadian resentment of the perceived American mix of power and indifference. Relations are already inflamed over American ownership of Canadian oil companies, acid rain, and arbitrary negotiating postures on disputed Atlantic fisheries.

The father of modern geopolitics, Sir Halford Mackinder, was a bit premature when in 1904 he identified as the world's "Pivot Area" the place where Eurasian rivers drain into the icebound Arctic Ocean. His prediction was that this area would be linked to the Eurasian "Heartland" through the development of railroads and eventually air routes, basically altering overall power relations.

[5] *Atlantic Quarterly*, Spring 1981, pp. 28, 35. Also see the accompanying article by Mr. Holst in this issue.

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But perhaps Sir Halford was not wrong in his overall strategic geometry, only in his inability (shared by us all) to anticipate the technology which more than anything else gives new definition to power, and to military strategy. The mere fact that the Soviet Union and the United States share an Arctic backyard gives this region a special significance in contemporary geopolitics. That six countries look out on the North Pole along converging lines of longitude makes the Arctic at least potentially a "political region." But it is mainly the introduction of new technologies in the fields of oil, shipping and mining that, in the words of Canadian political scientist Franklyn Griffiths, causes the "Circumpolar North to come alive." Griffiths identifies three indicators: increasing national activity by the bordering "ice-states"; resource scarcity matched by galloping technological innovations to overcome that scarcity; and growing conflict among foreign offices, perhaps eventually among the nations themselves, as to who has the right to do what where.[6]

IV

Above all, it is oil which is changing the Arctic from an exotic cryogenic laboratory for explorers and marine biologists into a major weight in the global energy scales.

It is generally agreed that global dependency on petroleum as the primary source of energy will continue at least until the end of the century. Americans already have access to nine billion barrels of Prudhoe Bay oil. Canadians, possessing far more of the Arctic, are in no doubt that they hold an area of old rock formations likely to support a richness and variety of minerals including uranium, gold, radium, silver, copper, iron ore, coal—and oil. The Arctic geologic structures in the Beaufort Sea, also in Greenland and on and around Baffin Island, suggest a vast new potential. Enormous accumulations of sediment along the Alaskan-Canadian margin may signify incalculable new quantities of oil. All in all, it is not surprising that Canada is in the forefront of Arctic petroleum development; Canadian oil companies announced in June 1981 a planned investment of $674 million (Canadian) for a year-round drilling system in "their" Beaufort Sea, whose proven reserves are estimated at six billion barrels.[7]

Arctic gas fields appear equally promising. Petro-Canada has

[6] See Franklyn Griffiths, *A Northern Foreign Policy*, Wellesley Papers 7/1979, Toronto: Canadian Institute of International Affairs, 1979.

[7] *The New York Times*, June 13, 1981.

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invested substantially in its "Arctic Pilot Project" under which liquified natural gas is to be shipped east from Melville Island—although some Canadians feel that enough gas is potentially available in the southern part of Canada to render drilling in the north uneconomic. As if that were not enough, the Canadian Arctic contains coal reserves estimated at up to 130 billion tons.

The least one can conclude is that Arctic fuels are potentially able to reduce, and perhaps even eliminate, North American dependence on Persian/Arabian Gulf oil, with all the implications that would have for the new conventional wisdom which prescribes U.S. interventionist strategies in the Gulf on the grounds of U.S., European and Japanese vital interests.

As a source of non-fuel minerals, such as lead zinc, the Arctic region is already being exploited. (COMINCO's Little Cornwallis Island lead-zinc mine Polaris, the world's northernmost, already represents a $150-million investment.) But a quite different event of potentially enormous economic significance, which could eventually affect the Arctic region directly and indirectly, has recently been recorded by geologists experimenting on the seabed. This is the upwelling of enormous quantities of "mineral soups"—polymetallic sulfides—bubbling up through faults where the earth's crust has spread, mixing with ocean water and then being deposited in rich concentrations on the deep sea floor. In this species of mini-volcano the chemicals precipitate out as a variety of metallic sulfides such as gold and copper salts, with a potential value of tens of billions of dollars. The phenomenon has been observed since 1977 in the form of warm springs at approximately 3,000 meters (10,000 feet) under sea level. Although data are still scarce, at least one expert, Dr. Ned Ostenso, a senior U.S. government official dealing with Arctic matters, believes that this product of the earth's "juvenile crust" might prove far more valuable than the deep seabed manganese nodules over whose disposition the nearly completed Law of the Sea treaty negotiations have recently stumbled.

Taking all these developments into account, as one of the rare U.S. conferences on the Arctic (in October 1970) concluded, the Arctic is "the last usable part of the world as far as providing a resource base is concerned."[8]

The transit of commercial shipping through the Arctic waters would seem innocuous enough from a political standpoint. But in fact it produced one of the sharpest irritants of all in Canadian-

[8] Report of the Boston Conference for Arctic Planning, sponsored by the Adm. Richard E. Byrd Polar Center, Cambridge, Massachusetts, October 14–16, 1970.

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U.S. relations—the "*Manhattan* incident" in 1969–70, centering on the fabled Northwest Passage that winds through the Canadian Arctic to provide a navigable waterway from the Atlantic to the Pacific. For the previous half-century, Canada had largely ignored exploratory activities in the Arctic on the part of Norway, Denmark and the United States. It took a direct challenge to Canadian sovereignty in the form of the *Manhattan* voyage to create a crisis in U.S.-Canadian relations, and to foster the notion of Canadian Arctic sovereignty as a "core objective" of Canadian foreign policy.

In 1968, after American oil companies had found huge oil deposits in Alaska's Prudhoe Bay, they decided to reinforce a supertanker—the S.S. *Manhattan*—for a trial transit through the Passage. Much about the plan was improvised (it was said by Canadian oil-men that the only ice the *Manhattan*'s Texas backers had previously seen was in their drinks). In fact, their Canadian counterparts hoped to profit from information the Americans would gain on northern ice conditions; and under international law a trip through the Northwest Passage would be considered "innocent passage" even if Canada claimed the waterways as "territorial waters." So far so good. But the crunch came when Washington announced that a U.S. Coast Guard icebreaker, considered a military vessel by Canada, would accompany the *Manhattan* despite offers of cooperation by Canadian icebreakers. Note that it "announced," not "requested Canadian permission." The crisis deepened when the Americans subsequently refused to share the information they acquired.

Canadians are not in agreement among themselves today as to whether Canada has sovereign rights over its entire archipelagic northern area, including the Northwest Passage. They are also not clear whether in law the "historic rights" of Canadians (including the Inuit who live there) would be preserved if a Law of the Sea Treaty is passed—or if it is not. But 1968 was a time of rising Canadian nationalism and the incident was construed in Canada as an American provocation. Prime Minister Pierre Elliott Trudeau in May 1969 publicly asserted a broad claim of sovereignty over the Canadian North (a claim which was weakened, however, by a failure to draw baselines that would enclose not only the land masses but also the waters of the area).

A more solid Canadian response was the passage the following year of the Arctic Waters Pollution Prevention Act. By this act Ottawa's Parliament subjected to Canadian construction and navigational safety standards ships that "innocently" transited

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those waters within zones up to 100 miles offshore. Canada's assertion of sovereign power (including the right to prosecute foreign ships) ran squarely against the U.S. stand that the Northwest Passage is an international strait which, under "customary" international law (*and* under the proposed Law of the Sea Treaty), could be freely transited by ships of all countries. Washington then (and now) held to the fiction of a three-mile territorial sea in the absence of a treaty agreement on 12 miles, and the Nixon Administration soon after acted to limit Canadian oil imports. The Trudeau government, in turn, has increasingly pressed for majority Canadian ownership of all its Arctic exploratory activities.

Calm has since returned on this front, in part because of the likelihood that pipelines will remain the preferred method of moving Alaskan oil south. But the *Manhattan* incident still rankles inside Canada and could generate an even worse crisis in the chronically jumpy U.S.-Canadian relationship if projections of up to 1,000 ship passages a year through those same waters prove to be accurate. This estimate assumes a new Middle East oil squeeze. But the Northwest Passage could become equally crowded when Canada's Dome Petroleum ships its oil eastward from the Beaufort Sea, or if Japan decides that the Northwest Passage is its most economical shipping route to Europe.

Canadians have also not decided which is the chief threat they need to defend themselves against—environmental degradation, control of navigation, oil spills, foreign use of Canadian ports, or perhaps just erosion of their sovereignty. It is by no means certain that Canada would ever close off the waters of its Arctic archipelago, claiming that they are "internal." Such an act would clash head-on with U.S. insistence (doubtless backed by other maritime states including the U.S.S.R.) on treating Canadian Arctic waters as high seas where all ships have equal rights. Americans, typically, remain blissfully ignorant of Canadian resentments, but could be jolted awake if an escalating political crisis put into question other fundamental elements of the relationship, such as Canadian membership in NORAD (an issue which some Canadian nationalists already raise).

V

The legal status of Canadian Arctic waters is, as we have seen, murky, and will continue to be until and unless a comprehensive Law of the Sea Treaty comes into force. Even in that happy event

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the legal waters could still be roiled by such national game-playing as "sector claims." As in the Antarctic, a sector claim here means asserting national sovereignty over a pie-shaped wedge of water and ice stretching from the mainland boundaries of the littoral state and coming to a point at the North Pole. (In the Antarctic all such territorial claims were put on ice, as it were, by the 1959 agreement.) Canadians talk about a sector claim of their own, and have implied sovereign status in the way they have conveyed "greetings" to drifting Soviet ice stations which happened to be within Canada's 200-mile EEZ. But no formal assertion of ownership has yet been made anywhere in the Arctic. (Sector claims have similarly been implied in the Soviet Union, though by scholars, not the Kremlin.)

Even without sector claims, U.S.-Canadian relations are troubled by unresolved jurisdictional issues, two of which I have already mentioned: the Canadian Arctic Waters Pollution Prevention Act, and the Northwest Passage. A third issue is the U.S.-Canadian boundary running into the Beaufort Sea. Canada argues that the 1825 British-Russian treaty carrying the sector line to the Pole along the 141st meridian is still in effect. The United States prefers the dividing line through waters to be drawn on the principle of "equidistance," meaning that points along the line represent equal distances between adjacent or opposite states. (The irony is that Canada asserts the median-line "equidistance" principle with Denmark in talks on the offshore boundaries off the coasts of Ellesmere Island and Greenland, while the United States is *not* following that method in its sharpening quarrel with Canada over the Gulf of Maine east coast boundary, involving explosive questions of fishing rights.)

The basic issue is, of course, whether Canada can justify sealing off its entire northern land masses *and* waterways as an enclosed internal sea by drawing straight baseline boundaries from outermost island to outermost island. (In 1951 the International Court of Justice decided Norwegian outer boundaries in that fashion, but Canada has not yet argued this precedent.) Meanwhile, Soviet ice stations float in and out of Canada's Arctic waters.

The best guess is that, if the major outstanding issues are not resolved, Canada will eventually bite the legal bullet and formally claim for its entire Arctic region the international rules governing "archipelagic regimes." The United States will probably also continue to refuse to accept not only that ultimate claim but, at least for a time, even the application of a 12-mile limit to the straits of the Canadian Arctic. Both outcomes largely depend on

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whether the Third U.N. Conference on the Law of the Sea—UNCLOS III, now in its ninth year of negotiation—is able to reach final agreement in the face of Washington's insistence on reopening the central bargain that has been struck between navigational and exploitational freedoms—which we want—and shared deep seabed mining development and revenues—which the majority of developing countries want.

That treaty contains one article with special relevance to the Arctic, Article 234. This so-called ice-covered area article would allow coastal states to adopt "non-discriminatory" laws controlling pollution in their EEZs, *and* to enforce those laws in the case of ice-covered areas; Article 234 is clearly aimed at the Arctic. Article 89 provides that no state can subject the high seas (i.e., waters beyond the future 12-mile limit) to national sovereignty *except* for special regulations involving economic resources in the 200-mile EEZ and continental shelf, a provision which also directly affects the Arctic. Even if Canada calls its North an "archipelago," with implied sovereign rights in all enclosed land and water, the draft treaty provides that transit in a 50-mile-wide corridor through such islands is equivalent to the rule for international straits, which could ease the problem of the contested Northwest Passage (even though the draft articles involving archipelagic states were not actually directed at Canada's situation). The draft treaty also presumes collective, rather than national, action on pollution control, with the exception of Article 234.

Some international law does of course apply to the Arctic now. Even without a Law of the Sea Treaty, the new 200-mile EEZ zone, like the new 12-mile limit, will doubtless become customary law (although some embittered or greedy coastal states will probably revive their absurd claims to a 200-mile sovereign territorial sea). And some other international treaties apply now to the Arctic, such as the 1963 Limited Test Ban Treaty forbidding nuclear explosions underwater or in the atmosphere, the 1971 Seabed Treaty barring weapons of mass destruction on the floor of the seas, and of course the Nuclear Non-Proliferation Treaty for non-nuclear powers in the region. The almost completed treaty regulating west coast salmon fishing between the United States and Canada is another (rare) piece of good news. But when all is said and done, the overall Law of the Sea Treaty is badly needed to stabilize relations. Without it the potential squabbles are endless, laced with unresolvable arguments as to what customary or general international law would apply in the Arctic—or for that matter, in any ocean on the globe.

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VI

The strongest support for conservationist-minded rules for the Arctic comes, understandably enough, from the scientific community, backed by the newly vocal native peoples who inhabit this forbidding region. If those people, along with Canadian, U.S., Soviet and other marine biologists, geophysicists and explorers have one overriding concern with all the sudden commercial activity in the Arctic, it is fear of irreversible damage to what has been considered an uncommonly fragile physical environment.

Scientists, for example, worry about the effect of growing numbers of tanker tracks on seal hunting, and on the life of other marine mammals inhabiting the Arctic straits. Supertanker crossings will also interfere with the customary winter passages used by the Inuit of the Canadian Arctic. Greenlanders reportedly worry about noise problems caused by stepped-up air and naval activity. And scientists remain generally nervous over the Soviet scheme of reversing the course of major rivers running into the Arctic in order to benefit from a southward flow, which would change the salinity of Arctic ocean waters in unforeseeable ways.

The most preoccupying environmental fear is of gross pollution from a major oil spill in Arctic waters. Canadian scientists believe such a spill could conceivably change the Arctic's albedo (that is, its reflectivity to light) with potentially dire consequences elsewhere in temperatures and water levels. The worst-case scenario is a supertanker gashed as it breaks through the ice pack late in the season, with massive losses of oil before being detected, devastating the migratory bird population. U.S. expert Edward Miles sums up all of these nagging fears when he says that "the Arctic is an unforgiving environment, unlike other regions, and nations are capable of making big mistakes."

But some scientists are reaching a revised conclusion that the Arctic is *not* necessarily as fragile an environment as was feared, and that the effects of oil pollution on fish and other marine life have been somewhat overemphasized. Still, there is no doubt about the potential danger of major oil spills to birds, and broad agreement exists on the need for the kind of continuous environmental monitoring Norway now performs in its Arctic sector. In an era of declining government expenditures, Canadian oil companies are likely to do the necessary environmental monitoring, which may become a task for the American oil companies as well, although some might question the objectivity of such a procedure.

The Arctic is the climate-maker for much of the world. Most scientists believe that large amounts of carbon dioxide produced

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by vastly increased fossil fuel consumption in temperate zones could in theory melt Arctic ice with unpredictable effects on ocean levels elsewhere; some scientists disagree.[9] When Americans (and Canadians) come to face paralyzing water shortages in their respective Southwest regions, they could be tempted by the Soviet-style vision of reversed-flow river systems, with all that implies for Arctic biological systems and climate. More optimistically, Arctic weather research leading to better climate prediction could have big payoffs for such economic interests as wheat-growing, and for national security as well. A more distant, but vastly important, possibility is the disposal of global nuclear wastes under layers of radiation-absorbing clay in the deep ocean bed. Such a program is already being studied for the North Pacific, and could also one day involve the Arctic Ocean deeps.

Arguments for cooperation among scientists have always been persuasive, and the possibility of activities that gamble with the Arctic environment underlines the need for scientific and environmental collaboration. But national competition remains strong. For example, the United States still has no capability to operate a research ship near the ice pack, while Canada has several ice-strengthened vessels usable for research. The U.S. National Academy of Sciences has now recommended that such a U.S. ship be developed. Conversely, while U.S. satellite capability could provide a very useful tool for scientists studying the Arctic region, some cooperative programs are blocked because of the highly classified nature of American technology.

Those sorts of issues were discussed at a conference convened by UNESCO at Banff Springs, Canada in the spring of 1981—one of the few occasions when the Arctic littoral states have come together to talk. But in the words of Professor Miles, the players in the Arctic game still seem to prefer what he calls "dynamic ad hoc-ery" to an integrated approach.

VII

On the basis of this brief survey, what can we conclude about the need for more active international involvement in the Arctic? Are things happening or likely to happen there that would benefit from more substantial common rules? Are they of universal inter-

[9] The basic argument for the "greenhouse effect" is found in S. Manabe and R. T. Wetherald, "The Effect of Doubling the CO_2 Concentration on the Climate of a General Circulation Model," *Journal of Atmospheric Sciences*, Vol. 32, 1975, pp. 3–15. The argument is challenged by Reginald E. Newell and Thomas G. Dopplick in *The Journal of Applied Meteorology*, Vol. 18, June 1979, pp. 822–25.

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est? Should the Arctic be treated as a special region? Would a more purposeful political approach be helpful or harmful to the larger goal of improved international peace and security?

Clearly there *are* some universal interests in the region, most obviously in the categories of weather prediction and control, maritime transport and access, and arms regulation. There is also a globally accepted interest in the physical environment, although implementation is generally left to individual nations. And certainly scientific exploration and experimentation have traditionally represented a wide sense of community, with one nation's activities accepted by the others as innocent—at least until the present.

It would appear to be in everyone's interest to develop further the cooperative efforts in sharing weather satellite information through GARP—the Global Atmosphere Research Program of the U.N.'s World Meteorological Organization. It is also desirable to encourage the new nongovernmental Comité Arctique, headquartered in Monaco, which can probably agree on things governments cannot or will not. Arctic scientific cooperation is in everyone's interest.

Equally compelling are the arguments for pressing on to completion of the draft Law of the Sea Treaty. Universally accepted rules governing territorial waters and passage through archipelagic and international straits would provide an invaluable legal framework for dealing with vexing Arctic issues, in particular the Northwest Passage.

Arms control or demilitarization agreements affecting the Arctic are, of course, a function of wider superpower relations. Regional arms balances as such do not seem relevant to the Arctic. But Western planners, while properly suspicious of Moscow's proposed northern nuclear-free zone, should consider improving on the proposals made so far by Helsinki, Oslo and Moscow (and those on demilitarization proposed by the Inuit at their 1977 conference). We might go even further and look at the potential costs and benefits of an Arctic "*conflict*-free zone," drawing on the approaches embodied in the Antarctic and Svalbard Treaties—freely exchanged visits, inspection in the agreed common area and demilitarization—plus provisions for arbitrating disputes.

Arctic political cooperation will not be as easy as it was in 1959 in the Antarctic. Whereas rudimentary institutions could be created and legal issues bypassed in the Antarctic, the Arctic is already an arena of competition in the newly vital realm of resource availability, and potentially in the strategic realm as well.

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Moreover, the political climate today for multilateral institution-building is nowhere near as propitious as it was two decades ago, for reasons that lie in both East-West and North-South relations. Nevertheless, official studies should be undertaken, while unofficial discussions among nongovernmental U.S., Soviet, Canadian and Scandinavian groups probe the prospects for general cooperation.

At a less-than-global level, are there special common regional interests among the six states that border the Arctic warranting cooperation or organization? Like all coastal states, the six demonstrably have a common interest in exploiting resources in their own economic zones that extend into the Arctic Ocean. What about the Arctic basin itself which they abut and surround? Its waters rank as "high seas," covered by such law of the sea as nations generally accept. But there may be a strong case for six-nation cooperation in ensuring all the Arctic waters (and peoples) against environmental degradation, in fostering scientific exploration, and in dealing with purely regional disputes.

Is regional *political* cooperation possible? One incentive for "regional diplomacy" would be to avoid involving 149 other member states of the United Nations in purely Arctic questions. But relations today among the key actors in this regional drama do not encourage the idea. Norway and the U.S.S.R. are in fundamental disagreement over the Svalbard archipelago. Canada and Denmark differ over Greenland, particularly its flourishing direct relations with Canada. A Soviet-Canadian draft agreement on human resources in the circumpolar region, drafted in 1977, has already collapsed. U.S.-Canadian relations are likely to get worse rather than better; even if critical issues such as the Northwest Passage and the Beaufort Sea are resolved, perceptions of the Soviet threat often differ so markedly that strains are likely to continue along the central security axis of the relationship.

Finally, U.S.-Soviet relations are nothing short of poisonous today. Even some proposals concerning the Arctic made during the détente period have come to naught (in 1972, Moscow proposed a joint manned underseas research effort—in a field where the United States was ahead—in exchange for which the United States proposed cooperative research on Arctic oceanography—which the Soviets rejected). Soviet relations with the United States, and to a lesser degree with NATO members Canada, Norway, Denmark and Iceland, are so burdened by fundamental differences not arising from Arctic issues that new agreements may be severely limited. But, by the same token, the arguments

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are strong for seeking out areas of common interest or common threats that are negotiable even in a period of strain. The Arctic may offer interesting opportunities for discussions at low cost, but with a possibly high payoff.

The Brezhnev proposal for a northern nuclear-free zone is patently one-sided. But since the United States would gain from a ban on placing nuclear weapons in some areas north of the Arctic Circle, American planners should explore a version that is not one-sided, and which includes Soviet deployments as well. An Antarctic Treaty type of agreement for mutual inspection of scientific programs could contribute to stability by reassuring both sides that a new battleground is not being surreptitiously designed, as could adaptation of provisions of the 1920 Svalbard Treaty, featuring equality of access to the region's resources and a ban on "warlike activities."

An opportunity may exist here to improve U.S.-Canadian relations which, although also encumbered by a wider range of differences, centrally involve Arctic policy questions. Washington should consider what U.S. initiatives might help resolve amicably and equitably, during the present relative lull, the vexing questions of the Northwest Passage, the Beaufort Sea boundaries, and the shared fisheries. These could strengthen significantly links between the two allies.

VIII

On balance, the logical conclusion from the foregoing analysis could be a policy of benign neglect and laissez-faire. Functional cooperation among neighboring states would take place as needed on specific issues, always hoping that the Law of the Sea negotiations come to a successful conclusion with universally valid rules applied to the Arctic waters. In trying to think constructively yet realistically about this last unmanaged frontier, we can be humbled by the knowledge that, here as elsewhere, science and technology run far ahead of our feeble political capacities.

But in today's dangerously deteriorated global political atmosphere, such an attitude may not be the correct one. It might be in the higher national—and general—interest to consciously "use" the Arctic for overarching political purposes, as I have been suggesting. A creative and generous U.S. Arctic policy could well serve the larger cause of improved U.S.-Canadian cooperation. Even more compelling are the possibilities for using the Arctic as an additional avenue, albeit modest, toward reducing U.S.-Soviet tensions, and lessening the chances of thermonuclear war.

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John de St. Jorre

SOUTH AFRICA: IS CHANGE COMING?

The Reagan Administration, though surefooted domestically, is now absorbing the awkward truth about international relations which continues to surprise many youthful governments—that criticizing foreign policy is easier than making it, that making it is easier than carrying it out, and that political honeymoons are of short and not always blissful duration. Nowhere has this syndrome been more pronounced than in the Administration's attempt to construct a new relationship with South Africa.

The policy is still in its infancy. But a series of missteps has introduced confusion and alarm where the intention was precisely the opposite. There have been off-the-cuff presidential statements suggesting that a much warmer relationship with a "friendly" South Africa, unqualified by any quid pro quo, is in the offing; embarrassing visits by senior South African military intelligence officials; interminable delays over the appointment of the Assistant Secretary of State responsible for Africa; much official shuttling between Pretoria and Washington with little apparent reward and less explanation; alarm signals ringing in African capitals and not always adroit attempts to silence them; and some tantalizing leaks compounding the confusion.

It is understandable that a new government wants to make a new start. Reagan's advisers on Africa felt that the Carter Administration's policy in the troubled southern part of the continent was simply not working. So, equally understandably, they devised a plan which they thought would protect all the United States' interests in that region but would lay particular emphasis on the Administration's determination to counter Soviet influence, the symphonic theme of President Reagan's foreign policy. The tactical thrust of the new approach would be the creation of a closer and more harmonious relationship with South Africa, without jeopardizing the United States' important interests in the rest of Africa. The plan, like many good blueprints, was thoughtful,

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sophisticated and eminently rational.[1] Unfortunately, the target areas—South Africa but also its African opponents—have so far shown little inclination to take their appointed places in this tidy construct.

The basic premise of the Reagan Administration's new "tilt" toward South Africa, characterized as "constructive engagement," is that P.W. Botha's government represents a unique opportunity for change in the Republic.

"We can cooperate with a society undergoing constructive change," Chester Crocker, the Assistant Secretary of State for African Affairs, wrote in a Scope Paper directed to Secretary of State Alexander Haig (and subsequently leaked to the press).[2] The South African government's "explicit commitment in this direction" will enable the United States to work with it.

The vexing question of Namibia, it is admitted, is a primary obstacle, but if that can be resolved a new chapter in U.S.-South African relations, based upon common strategic concerns in southern Africa, can be opened. The nature of the relationship would not be merely symbolic. Small but concrete benefits, denied South Africa during the past two decades, would flow from the United States. Indeed, some are already in the pipeline. South Africa's request to have coast guard personnel trained in the United States has been granted; similarly, authorization for new South African honorary consuls in several American cities has been given, and a plan to bring the number of military attachés in each country back to pre-1979 levels is under discussion. These are sweeteners, sugar cubes rather than carrots, to introduce the new policy and to suggest that more interesting rewards may follow if the dialogue proves mutually beneficial.

It is still not clear whether the Namibian obstacle will be removed—the prognosis at the time of writing is not good—thus clearing the horizon for the new dawn in U.S.-South African relations. But the Administration stands by its judgment that constructive change in South Africa is both Pretoria's declared aim and that it is actually taking place.

How valid is that assessment? Has the South African government made an "explicit commitment" to change and are its feet already on the path of reform? Is apartheid in fact being eroded by government initiatives and undermined by societal factors? Or

[1] Its clearest exegesis came in an article by Chester A. Crocker in *Foreign Affairs*, Winter 1980/81, pp. 323–51.

[2] Chester A. Crocker, Scope Paper directed to Secretary of State Alexander M. Haig on the subject of the Secretary's then forthcoming meeting with South African Foreign Minister Roelof F. Botha on May 14, 1981. The paper was leaked to the black lobby, Trans-Africa, which made it available to the press.

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is the system merely being modernized and adapted, as it has been in the past, and is all this talk of "change" so much wool being pulled over Western eyes?

II

At first glance, the picture in South Africa these days is relatively benign. The country is booming, the economy flush from the high price of gold, and from other mineral exports. Blacks are crossing new economic and social thresholds as tellers in banks, behind the wheels of their own cars and as diners in previously segregated restaurants. The newspapers no longer carry stories of "suicides" in police cells. On Saturdays, the city centers are thronged with black consumers. Whites, on the whole, appear to treat blacks with more respect. The semantics of apartheid have been rationalized: Africans, once "Natives" then "Bantu," are now simply "Blacks." The government department responsible for black affairs is now reassuringly called the Ministry of Cooperation and Development.

But even at this relatively superficial level caveats must be made. While public parks are open to all races their toilets remain segregated, as do public toilet facilities throughout the country. The rules governing racial mixing in places like hotels, restaurants and bars are Byzantine. Blacks can go into some hotels and not others; in some they can eat and sleep but are subject to restrictions on drinking, dancing or swimming. Multiracial audiences watch biting avant-garde satire in Johannesburg's "off-Broadway" Market Theatre, but the city's cinemas remain strictly segregated.

Sport, in the forefront of change due to foreign pressures, continues to be a sensitive subject. The government has lifted all the legal restrictions against multiracial sport, and blacks are now playing on some South African international teams. But at the club level integration remains discretionary and a huge row broke out recently when a white Pretoria high school fielded two black boys on its rugby team.

There are, however, more profound changes. The most important is the rising power of black labor. Blacks have finally been given trade union rights and are steadily moving up into more skilled jobs. They can now become apprentices and the government has included them in its previous all-white training programs. Black consumer power is also growing, making the white producer more sensitive—and more vulnerable—to black demands.

The military has cautiously opened its doors to blacks but, as

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General Magnus Malan, the Minister of Defense, has pointed out, the army follows the government's policy of not enforcing integration. Black units are organized largely on ethnic lines, Coloreds have their own formations in the Cape, and white conscripts do their two-year stint in all-white battalions. The navy has a large number of Indians, including a handful of junior officers, and runs some integrated ships, but the air force is predominantly white. Some facilities like military hospitals are integrated but living quarters and schools for army families are not. Blacks do not get the same pay for the same job as whites, although military spokesmen say parity will come soon.

The reasons for these changes appear to be twofold. First, South Africa is short of skilled manpower. There simply are not enough whites to maintain the high rate of growth regarded as vital to the country's development or to man the expanded military machine created to defend the Republic against what is known as the "total onslaught." Second, the government seems serious about wanting to create a black middle class whose self-interest, it believes, must be brought more in line with the whites' interests. It was no accident that the only real increases in the last budget were for defense and black education, an interesting coupling.

The dynamics behind all this appear to be quite pragmatic: the government fears the revolutionary potential of vast masses of unemployed blacks and has been persuaded by the captains of industry that a trained and organized black labor force is conducive to rapid growth and a stable workplace. It has also taken the plunge, after years of hesitation, and started training and arming black soldiers on a large scale. In both cases it is aware that its policies may eventually have unforeseen and possibly counterproductive results. But it is confident that, with its enormous coercive and co-optive powers, it can control the direction of these changes and, if necessary, halt them if they show signs of getting out of hand.

There is no evidence to suggest that a fundamental change in racial ideology has influenced the government. And while these changes are likely to have some effect on South African society in the long run, they seem unlikely to change the balance of power between blacks and whites or the direction of the ongoing nationalist strategy during the five-year life of P.W. Botha's recently elected government. Assuming that the power and the will of the government is not weakened by other means, most analysts expect it would take decades before blacks' greater upward mobility in industry and the military could be translated into an effective political bargaining capacity.

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III

This judgment is based on the fact that, the recent changes must be set against the cold realities of the apartheid system, whose strength, durability and ideology are manifest in hundreds of different laws, enforced in thousands of different ways. Housing, schools, hospitals and most forms of transport are strictly segregated. Controls over the whereabouts of black labor, recently tightened by greatly increased fines on employers who use or harbor unregistered workers and their dependents, continue to dominate black lives and wreck black families. Racial discrimination in the workplace, though no longer statutory, operates effectively through the closed shop. Black businessmen are not only denied access to the "free" enterprise system in white areas but are severely restricted in their own areas by a web of government regulations.

Dissent is crushed with an iron hand, sex and marriage across the color line remain criminal acts, and government spending continues to be grossly discriminatory. During the April election campaign the ruling National Party boasted of its record of spending considerably more on white education, housing and pensions than on similar services for blacks. The removal of "surplus" blacks from white South Africa (still 87 percent of the land) to the black homelands (13 percent) continues on a massive scale. About four million people have been moved since 1948 and at least another million are marked down for "resettlement." As the political fruition of the homelands policy is relentlessly pursued—Ciskei is shortly to become the fourth independent homeland—urban blacks are steadily losing what remains of their rights as South African citizens.

This familiar litany is what apartheid is all about, as any black South African will tell you. And it is here to stay. Not even the most ardent reformers in the government talk seriously about interfering with these basic elements of the system. Whenever the government has moved tentatively in this direction it has been forced to retreat, often on issues that might be considered the earliest candidates for reform. Examples include the Prime Minister's retreat from his own suggestion that the Mixed Marriages and the Immorality Acts might be scrapped, his turnabout on the participation of Colored schoolboys in the Craven Week rugby competition last year—a drama that almost split the National Party—and the confusion over the draft influx-control legislation. (The latter is still being reviewed following the discovery that it

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would effect the opposite of what was apparently intended—that it would make for a reduction instead of an improvement in black workers' security of tenure and mobility in white urban areas.)

The situation, it has been suggested, is rather like a log jam. From a distance there appears to be little movement. Closer up the logs can be seen bumping up and down against each other and occasionally changing places—but there is no forward momentum. Meanwhile, more logs are being swept down into the pile. Reformers inside the government and the Afrikaner establishment are all too aware of the danger of undermining the elaborate structure that protects white power and privilege, of inadvertently loosening a log or two that might release the rest. Hence the government's caution and ambiguity, even in areas where it has decided that qualified change is desirable and feasible as, for instance, with the residential rights of black workers in urban zones, the role of black trade unions, and the constitutional changes designed to give Coloreds and Indians a consultative voice in the white political system.

For the most part, however, the government prefers not to get involved, especially at the "petty" apartheid level where, ironically, it tends to claim most credit when addressing its foreign interlocutors. Actual reform usually comes through amendments and exemptions, at the provincial and municipal levels. Pretoria's coyness in endorsing a bold, or even a modest, program of reform might be more acceptable, given the fact that all governments have to answer to conflicting constituencies, if there were some unmistakable signs of progress filtering through the system, which, cumulatively, might make a case for "constructive change."

But after almost three years of P.W. Botha's leadership, which the Reagan Administration has characterized as representing "a unique opportunity for domestic change,"[3] there is no solid evidence to support such a hypothesis. While there is great ferment in intellectual circles and a continuing debate about the *need* to introduce genuine change—to "adapt or die," in the dramatic phrase of the Prime Minister—there is neither blueprint nor strategy, nor even some sense of subterranean common purpose on the part of the government to alter the racial underpinnings of South African society.[4] Nor is there, as far as I have been able to discover, an "explicit commitment" by that government to do-

[3] *Ibid.*

[4] One of the curiosities of returning to South Africa after an absence of almost five years is to find how little has changed, not least the intensity and the rhetoric of the debate about "change."

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mestic change in anything other than the vaguest rhetorical terms. And yet Mr. Crocker has testified that the U.S. government has "observed and remains convinced that there is a process under way [in South Africa] which at the very least we can describe as open-minded. . .toward a society that is not based on racist principles."[5]

IV

The prospects for government-led change suffered a further setback in the South African elections last April. The National Party was predictably returned to power with a huge majority (131 seats out of a total of 165). The Progressive Federal Party (PFP) on the Left picked up a handful of new seats to reach a total of 26, with 19 percent of the vote. The Herstigte ("Reconstituted") National Party (HNP) on the right gathered 14 percent of the poll but failed to win a seat. The New Republic Party, the rump of the once glorious United Party of Hertzog and Smuts, lost ground and ended up with eight seats. What does this simple arithmetic mean for the government during the next five years?

Some analysts interpret the results as a clear mandate for reform. They note the ability of the Prime Minister to retain such an impressive majority—the party lost only four seats, albeit one of them belonging to a cabinet minister—in his first election as party leader. The HNP, in spite of all its passion and hard campaigning, remains in the political wilderness, its natural habitat for the 12 years of its existence. The creditable performance of the PFP, the advocate of an end to apartheid and of power-sharing with blacks, indicates that a significant portion of the white electorate desires, and is ready for, change. The argument concludes that P.W. Botha, a man who is convinced that many aspects of apartheid are outmoded and unnecessary and that reform is vital for the white man's survival, will now be able to go ahead, relatively unencumbered by the right wing of his party, and introduce constructive internal changes.

The analysis is persuasive but, I think, seriously flawed. It is based on the assumption, easily made in the West, that the white South African electorate is relatively homogeneous whereas it is, in fact, riven by the old Afrikaner-English schism, with the English consigned to a perpetual and powerless minority of less than 40 percent of the total.

The key to the election lies in its impact on Afrikaner nation-

[5] Testimony to the Subcommittee on Africa of the Foreign Affairs Committee of the House of Representatives, June 17, 1981.

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alism. White South Africans still vote largely along ethnic lines, and although there is some crossing—Afrikaners voting for the PFP and English backing the National Party—it remains marginal and this election was no exception. It is true that Afrikanerdom has a long history of division, but since the National Party came to power in 1948, political and ethnic unity have become an obsession. Growing internal and external pressures have only served to deepen the leadership's determination to keep Afrikaner ranks as tightly closed as possible and to reinforce its hold on power by all available means. The results of successive elections have proved a triumphant vindication of that strategy.

But not this time. A trauma of still hidden dimensions has been inflicted upon the Afrikaner *volk*. Viewed through the ethnic prism, the electoral arithmetic tells a different story. Close to forty percent of all Afrikaners who voted abandoned the National Party, most of them (33 percent) turning to the HNP, which believes in the unadulterated vision of apartheid as put forward by former Prime Minister Hendrik F. Verwoerd and rejects the government's modest attempt to give it a human face. A small proportion, estimated at about five percent, supported the Progressives. In Afrikaner politics nothing like this has happened since Daniel F. Malan brought the National Party to power in 1948 and ushered in the era of apartheid.

Fear of a major schism in Afrikanerdom haunts every Afrikaner leader. John Vorster's most traumatic moment in his 12-year tenure as Prime Minister was the breakaway of the HNP in 1969. Although still without a single seat in parliament, the HNP under its tireless, demagogic leader, Jaap Marais, is no longer a party of protest. It slashed Nationalist majorities wherever it fought. Seventy Nationalist seats in the Afrikaner heartland of the Transvaal and the Orange Free State are now vulnerable, if not actually marginal. This means that more than half of P.W. Botha's parliamentary caucus will be looking anxiously over its right shoulder during the five-year life of the new parliament.

"It is an ominous signal," said Ton Vosloo, a leading Afrikaner newspaper editor and one of the Prime Minister's *verligte* ("enlightened") advisers. "The HNP, after years on the edge of politics, has become respectable. It is not a happy time for Afrikanerdom."

The advance of the HNP is all the more remarkable because it is a party without a policy, unless trying to turn the clock back to the days of *baasskap*—crude white supremacy—qualifies as policy. It seems that Mr. Botha's rhetoric about reform and change was sufficient to drive large numbers of Afrikaners out into a new trek

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to the distant horizons of the Right. The irony is that his government had done nothing to promote black interests at the expense of white, a point he was at pains to emphasize during the campaign. The HNP, however, was astute enough to capitalize on other issues. It convincingly presented itself as a populist haven for Afrikaner blue-collar workers—it did particularly well in the mining towns—and as the scourge of big business and big government. It also profited from a sense of grievance among normally faithful National Party workers who were annoyed at the way the government had bypassed traditional methods of consultation through co-opting outsiders (academics, journalists, military men) for the policy formulation process.

The erosion on the Left was far less threatening. The PFP did well and much of the credit must go to the stylish leadership of Frederik van Zyl Slabbert, perhaps the most attractive figure in white politics. But the PFP's achievement was principally a consolidation of the English-speaking vote with no significant inroads into the Afrikaner electorate. The party will be better equipped to monitor and criticize the government's policies in parliament, although its leader has made it clear that he will play a constructive role if Mr. Botha embarks on a course of genuine reform.

The balance between *verligtes* and *verkramptes* ("reactionary") in the National Party was not appreciably altered by the election. Andries Treurnicht, the *verkrampte* leader, has consolidated his Transvaal base and remains the watchdog of apartheid orthodoxy within the party. During the campaign he declared that he had no differences with the Prime Minister over the essentials of party policy, a double-edged compliment for a leader who values party unity but also sees himself as a reformer. There seems little doubt that Mr. Botha would welcome an opportunity of ditching Dr. Treurnicht if it could be done smoothly and with a minimum of damage to the party. But the Transvaal leader is a cautious politician and aware that the rightward swing in Afrikanerdom is an endorsement of his own *verkrampte* beliefs, if not of the National Party itself. He also knows that his power to curb any reformist or autocratic tendencies on the part of the leadership is considerably greater for the foreseeable future if he remains in the party.

V

There are those who, despite the reactionary trends in Afrikaner politics, believe that apartheid is being steadily undermined by other factors. In addition to the erosive effects of burgeoning black

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labor and consumer power, they cite the modern Afrikaner's loss of faith in the system and the government's reformist intentions. It is true that many Afrikaners no longer defend apartheid and some failures have been openly admitted—for example, the seemingly hopeless long-term economic prospects of the homelands and the unstaunchable flow of blacks into white areas. But a partial failure of faith does not mean apostasy (although it might if another prophet were in sight). Unfortunately, most Afrikaners cannot envisage an acceptable alternative to apartheid that would ensure their survival as a nation. Most of them reject the PFP's federal power-sharing concept. And all too many agree with the basic HNP argument, that once you start unraveling the system the whole thing will fall apart.

That is Mr. Botha's dilemma. Since he became Prime Minister, he has been represented in the West as a reformer, a man of vision who is eager to dismantle apartheid if only the right-wingers in and outside the party would let him. He is, of course, nothing of the kind. He is an experienced party politician, of limited imagination and charisma, who is prepared to take some risks to modernize the system but who, at the age of 65, has no intention of becoming an Afrikaner Samson bringing the temple of apartheid crashing down around his ears.

At one stage it appeared that Mr. Botha thought he could create more power and flexibility for himself by building up a group of reformers around him, streamlining the civil service and making it more responsive to government, and bypassing much of the consultative apparatus of the National Party. Great hopes were pinned on the appointment of an almost totally *verligte* cabinet and on the expanded role of military men and other political outsiders. A few analysts even saw this process in terms of a drawn-out coup d'état, with the Prime Minister at the helm of a powerful modernizing autocracy, driving reforms over the head of the established institutions and the backwoodsmen of the party.

If this was indeed ever Mr. Botha's intention—there are doubts that it was anywhere near as dramatic as that—the failure of the government to capture the necessary momentum and the strong Afrikaner backlash in the election have fatally crippled the strategy. Parliament, the National Party caucus, the important provincial congresses and the party footsoldiers out there on the high veld have made it clear that their voices must be heard in policy decisions and the government must give a clearer idea of what is going on and what its intentions are.

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Far from being an instrument of reform, then, autocratically or otherwise, the National Party is likely to remain a lame duck for the foreseeable future. The deep rift in Afrikaner politics that the election revealed has had a traumatic effect on the party. The instincts of those who lead it, whether it be Andries Treurnicht on the Right, Piet Koornhof or Gerrit Viljoen on the Left, or P.W. Botha himself at the top, must be to reunite Afrikanerdom and consolidate the party's ethnic power base, the source of its strength and, in their view, the *volk*'s survival. And since the divisive pressures among the Afrikaners are most powerful on the Right, the nature of that consolidation must be a rightward reorientation.

The government is unlikely to scrap the reforms already in the pipeline—that would involve too great a loss of face—but they will probably be watered down to suit the more conservative mood of the Afrikaner electorate. Constitutional changes involving the President's Council, when they are finally unveiled, are likely to offer the Coloreds and Indians limited consultative powers and almost certainly separate parliamentary representation. There will also probably be a better deal for urban blacks. The electrification of Soweto, after many false starts, is now going ahead. However, no houses were built in Soweto last year by the government, not because they were not needed but because the government's underlying policy remains the restriction of the numbers of blacks in "white" South Africa. The number of houses available to blacks, a matter controlled almost entirely by white civil servants, will acquire an additional significance since the new influx-control laws envisage a house and a job as the key criteria for permitting blacks to reside in the urban areas. The government's decision to continue to allocate no funds this year for house-building in Soweto has been challenged by the greater Soweto Planning Council, itself a government body, and by the private sector. But there is clearly a strong resistance from ideologues in the government and civil service to changing the policy.[6]

In 1976, in the wake of the Soweto upheaval, liberal white South Africans were saying: "We've got five years to introduce fundamental change. If we don't we've had it." Today, they are saying the same thing. Five years until Armageddon, unless. . . . What has actually happened since Soweto has been a sophisticated reinforcement of the status quo, with the govern-

[6] The government has implicitly accepted the right of blacks to a more permanent status in the townships by granting 99-year leases—though not freehold rights—to blacks who qualify. However, the process has been slow, partly because of government red tape and partly because blacks have been wary of the many conditions attached to the leases. Only 642 leaseholds out of over 100,000 approved stands were registered by March of this year.

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ment's mildly reformist adaptations constantly shadowed by the threat of right-wing reaction. P.W. Botha's government is now facing another span of five years during which it can be expected to continue to strengthen the pillars of the apartheid system, with its reformist options even more tightly corralled by an explicit and highly dangerous right-wing political movement. There is little reason to doubt that the results will be more of the same.

VI

Namibia was not an election issue although the HNP tried to make it one. The government's defense was simple and in electoral terms convincing: it had done nothing to jeopardize South African control over the disputed territory or to harm the interests of the 110,000 whites there, 65,000 of whom are Afrikaners, most of them of the unreconstructed kind. However, the issue remains volatile ammunition for the government's right-wing opponents, who are ready to cry "sell-out" at the drop of a diplomatic nuance. Mr. Botha appears likely to give priority to his domestic policies and to continue to protect his right flank by hanging tough on Namibia.

In the country itself, it is difficult to find a single informed voice that suggests there is going to be a swift resolution to the problem. Some of the reasons have to do with local politics; others are bound up with South Africa's perception of its interests in that vast, arid, unpeopled land. Ironically, while the international standing of the multiracial Democratic Turnhalle Alliance (DTA) under its white leader, Dirk Mudge, has been enhanced by its appearance at the abortive Geneva conference last January and by indications from Washington that it will be more closely consulted in future negotiations, its prestige within Namibia has waned. There has been a marked polarization in the last year or so—to the white Right and the black Left—and the DTA has failed to capture the middle ground. Most analysts expect that if a fair election were held tomorrow, the South West African People's Organization (SWAPO) would romp home to victory.

There have, however, been a number of changes under the DTA and the Pretoria-appointed Administrator General. Petty apartheid has, by and large, disappeared. Statutory discrimination—bans on mixed marriages or sex across the color line, and racial classification—has been removed. But anomalies remain. Blacks, for example, still cannot use the public library or the municipal swimming pools in the capital, Windhoek. The curious three-tier system of government—with functions divided among the center,

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the ethnically based provinces, and the municipalities—ensures that schools, hospitals and many other services remain segregated since they are "second-tier" (ethnic division) responsibilities. Opponents of the DTA assert that the ethnic layer of government is merely the old Bantustan system under a new guise.

The basic problem for the DTA, which includes representatives from all Namibia's racial groups, is that it has promised and even legislated reforms but not implemented them. Some members of the DTA blame Pretoria for not giving it enough power; others say it is the local whites blocking every move the DTA makes. (Other political parties accuse the DTA of not really trying, of enjoying the material benefits of office—large houses, Mercedes cars and plenty of spending money—and neglecting their responsibilities.)

Mudge's task of balancing white intransigence against black aspirations is more difficult than ever, despite the emasculation of the internal wing of SWAPO through government repression and the virtual disappearance of the other nationalist parties. His own power base among the whites was seriously weakened when his party lost badly to the right-wing AKTUR party in ethnic, or second-tier, elections last November. And it is a fact that white politicians in Namibia can—and do—appeal over the DTA to Pretoria. White civil servants who have a stranglehold on the administration can—and do—block unpalatable changes. Many observers feel that Mr. Mudge will never be able to square the circle no matter how much power and time he is given. "It's like Rhodesia when Ian Smith and Bishop Muzorewa got together with their internal settlement," said one analyst. "They finished up by pleasing nobody." (In some circles, the DTA leader is already being called "Mudgerewa.")

Robert Mugabe's victory in Zimbabwe has had important repercussions in Namibia. While it has given heart to SWAPO, it helped to fuel the white right-wing backlash in the November elections. It has also convinced the South African government that the DTA must be given considerably more time to consolidate itself and that, if or when elections are held, there must be no guerrilla bases in the country.

VII

Mr. Botha has said publicly that he could live with a SWAPO electoral victory but does not think such an event likely. Cynics would add that it is not likely because he will never permit an election to be held. Throughout the long negotiations for an international settlement, the South African government appears

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to have operated on a "two-track" strategy. On the one hand, it has sought to negotiate a formula that would bring international legitimacy to an independent Namibian government willing to protect South African interests—the DTA or possibly some other combination that would deny SWAPO a winner-take-all victory. On the other hand, it has pursued the "internal option" by building up the DTA and giving it progressively more governing powers.

While the electoral prospects of the DTA appeared to be good, the South Africans seemed close to biting the bullet on a settlement. But the Zimbabwe shock, AKTUR's triumph in the second-tier elections, the knowledge that Mr. Botha himself would soon have to face his first electoral test in South Africa, and Ronald Reagan's presidential victory combined to convince the South African government that it would be prudent to postpone a final decision. The current unpopularity of the DTA reinforces Pretoria's reluctance to move at more than a snail's pace and strengthens the hand of the more hawkish policymakers who strongly oppose any solution that risks a SWAPO takeover.[7]

It might be a different story if there were a heavy price to pay for intransigence. But none is in sight. The war is of low intensity, probably unwinnable but not a serious threat. It has admittedly choked off foreign investment, slowed down local business and cast a pall of uncertainty over the future of Namibia. But South Africa can afford it in terms of cash and blood. It is also, in the words of one South African military analyst, excellent "on-the-job" training for South Africa's citizen army. With the growth of African National Congress (ANC) guerrilla activity in South Africa and deteriorating relations with Zimbabwe and Mozambique—black countries ruled by men who waged long and ultimately successful wars against white governments—Namibia's value as a piece of military real estate has been greatly enhanced in South African strategic thinking. The old argument of "why defend the Republic on the Orange River when you can fight way up north on the Cunene," has taken on a new significance. The presence of Jonas Savimbi, the UNITA leader, harassing SWAPO in southern Angola, also argues for holding onto Namibia for the time being.

[7] General Magnus Malan, the South African Defense Minister, has flatly declared that a SWAPO victory under a Westminster, winner-take-all constitution is unacceptable. (Confidential memorandum of talks between South African and U.S. officials in Pretoria, April 15 and 16, 1981.) Dirk Mudge, the DTA leader, also made it clear at the Geneva conference that he was not interested in holding elections "so long as I know I am going to lose" (Donald McHenry's testimony before the Subcommittee on Africa of the Committee on Foreign Affairs of the House of Representatives, June 17, 1981.)

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The threat of sanctions, on the other hand, has now more than ever been reduced to a paper tiger by the three Western vetoes in the Security Council and the U.S. Administration's known view that they are no longer even a theoretical option in the United States' arsenal of pressures. The South Africans, looking around them, probably correctly surmise that there is no compelling reason for them to budge from Namibia, though they are much too astute to say so openly. Instead, they can be expected to continue to negotiate, doggedly fighting every inch of the way and sniping at U.S. officials they consider too savvy, as is their style.[8] South African officials say they are not linking the Cuban presence in Angola with the Namibian issue. (The State Department also rejects linkage but stresses there is an "empirical relationship.") They are, however, opposed to an official U.N. military presence—no "blue helmets"—although an international force including some African contingents is apparently acceptable. The South Africans also want a set of constitutional principles to be established before elections are held, principles that will protect "minority rights," meaning not just the whites but all the other ten ethnic groupings in what sounds like a federal or even confederal constitution. Meanwhile, they can be expected to pursue the "second track" of their strategy, as the local army is built up, the DTA receives more governing powers, including control of the budget, and the territory begins to operate its own radio and television services.

VIII

The U.S. response is still being formulated. The Administration, after investing so much effort and political capital in its new policy—and taking a considerable amount of heat—will not want to register a failure at the early stage. Negotiations can be expected to continue, both with the South African government and with the Western "contact group" (the United States, the United Kingdom, France, West Germany and Canada) which has been sitting on the sidelines, for the most part, since last January. The United Nations will also be brought in because the Administration, somewhat reluctantly, admits that Security Council Resolution 435 (of September 1978), calling for U.N.-supervised elections in Namibia, remains the "basis" for the settlement.

[8] The South African government and press are already suggesting that Chester Crocker does not have the full confidence of the Administration, a tactic also used against Donald McHenry when he led the Namibian negotiations.

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But what happens when the South Africans dig in their heels? What leverage does the United States possess? Precious little, it seems. The main threat, the United States has suggested, is an American withdrawal from the negotiating effort and a halt to the promised nirvana of a warmer embrace of the Republic. Reportedly, this threat is not pure bluff. Secretary Haig personally dislikes manipulators and can be expected to call a halt if he thinks the process is not going anywhere. "Disengagement" will be accompanied by a cooling of relations—not an anti-South African policy but, presumably, a tapering-off of cordial dialogue, visits back and forth, and other trappings of "friendly" relations.

It would seem, however, that the United States stands to lose more than South Africa with the cessation of negotiations. The South Africans have grown used to their isolation and are proud of their self-reliance. They know that, however well they behave, the arms embargo is not going to be lifted. They also know that, however badly they behave, President Reagan is not going to turn the screws on them. Their expectations, admittedly pitched unrealistically high when he was elected, have already been cut down to size. They are not nearly as enchanted with the offer of qualified American friendship as Washington's donors think they should be. They are also aware that in possibly three years' time, the other lot may be back in the White House.

The United States, on the other hand, will at best have lost all basis for communication with the states of black Africa on the single crucial political issue for that continent, and at worst be identified with South Africa and its racial policies. In the context of the new warmer U.S.-South African relationship, a halt to further efforts on a Namibia settlement would only confirm fears about a new "tilt" toward Pretoria. Because much of Africa has an exaggerated idea of the amount of leverage the United States possesses against South Africa, their disillusionment and hostility at the new phase of U.S.-South Africa relations is likely to go fairly deep.

The reaction of black South Africans to the new policy may also run counter to U.S. interests. While the Botha government breathes a sigh of relief at the lifting of pressure, a perceived "tilt" toward South Africa on the part of the United States can be expected to strengthen Soviet and African backing for the ANC, and increase support for the groups within South Africa that take a more radical line, organizations such as the black consciousness movement, the Azanian People's Organization (AZAPO), and the more militant unregistered trade unions. There are now indica-

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tions that the ANC is increasing its following in South Africa, partly by maintaining a "guerrilla profile" through regular acts of sabotage and attacks on police stations and other targets, and partly through the lack of serious rival organizations. Because "constructive engagement" aims at interacting with present holders of visible power in South Africa, it must exclude most of the black opposition. And the closer the engagement the more it implies approbation and support for the present status quo. Thus, in black South African eyes the warming of relations signifies, again, U.S. complicity in the apartheid system.

In sum, without a Namibia settlement, the new U.S. policy toward South Africa seems likely to create more liabilities than assets for the United States in any competition with the Soviet Union in that part of the world. Unless South Africa agrees to play the "pragmatic" reformist role that has been envisioned for it, the U.S. game is over. All of which will leave this country with a policy neither "constructive" nor "engaged"—and with significantly diminished leverage in the continent of Africa.

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E.S. Browning

EAST ASIA IN SEARCH OF A SECOND ECONOMIC MIRACLE

On May 15, 1980, foreign bankers in downtown Seoul watched in horror from their high-rise offices as students and riot police clashed in the streets below. Eyes stinging from tear gas, the bankers saw one demonstrator drive a bus through a line of policemen, killing one and injuring several others. "It was like war," recalls one banker. But that was just the start. By the end of the month, bloody uprisings in two provincial cities had claimed an officially reported 189 more lives.

South Korea was living an economic nightmare in 1980, and the social turmoil was partly a reflection. That year, the country experienced its first serious recession since the Korean War, a shattering 5.7 percent decline that wiped out the growth of the entire previous year. The government's powerful economic planners had seriously erred, and the lid had come off the tightly ordered society.

Like several other rapidly developing Asian countries, South Korea had borrowed heavily to fuel its growth and it was an open question that summer how the country's technocrats could possibly approach foreign banks to help cover the balance-of-payments deficit. By the end of 1980, South Korea already owed foreign banks more than $16 billion in short- and long-term debt, on top of more than ten billion dollars in debt to other bodies such as the World Bank and foreign governments. This was money it could not hope to repay for years, if ever.

Many of the large U.S. and European banks did put tight limits on new credit to South Korea, but within weeks the panic was over. The military government reimposed its authority and foreign bankers returned to the fold. By September, four months after the uprisings, banks were competing aggressively for the right to arrange a $600 million eight-year balance-of-payments loan. With the successful marketing of that loan, the worst of South Korea's prolonged economic and political crisis was past, and planners

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could turn their attention back to the mammoth task of restructuring the economy.

The painful experience was a landmark not only for South Korea, but also for the group of eight countries and city-states that in the 1960s and 1970s had created or tagged along on what came to be called the East Asian Economic Miracle: South Korea, Taiwan, Hong Kong, Singapore, the Philippines, Thailand, Indonesia and Malaysia. All were in their own ways trying to imitate Japan's success through rapid industrial growth and heavy foreign borrowing. They had weathered the quadrupling of oil prices and the world recession of the early 1970s, but since the further doubling of oil prices and the onset of fresh world recession in 1979 and early 1980, many of the high performers have had trouble coping. Several of them—notably South Korea—have had to lower their economic sights and adjust their growth and development plans downward. As the world as a whole has slipped into a disappointingly erratic economic performance, these heavily trade-dependent countries have seen the Japanese ideal fade.

But the experience of South Korea—the most turbulent of any of these East Asian countries—has also demonstrated the broad tenacity of even the most damaged of the East Asian economies. Fears that foreign bankers and investors would pull away from the region have proven particularly unfounded. Senior bankers had warned that the world's banking system might be unable to finance the billowing balance-of-payments deficits of the oil-importing countries. But in 1980 the banks responded to the problem even more smoothly than they had in 1974. Indeed, in East Asia, foreign bankers are among the outside analysts most optimistic about the region's future, especially when they contrast it with the management and inflation problems of Latin America and Africa.

All of East Asia's developing countries face daunting problems in coming years, with no guarantee of a satisfactory solution. But their ability so far to make often painful adjustments indicates that they stand good chances of continuing to perform well by world standards. If they succeed in what they are attempting, their accomplishment may be remembered as a second, albeit less spectacular, economic miracle.

II

The East Asian boom has actually been three booms on different levels. On the highest level is Japan, whose economy for years grew at an annual average of more than ten percent, slowing down only after 1973. Japan's is the world's second largest econ-

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omy (after the U.S.S.R.), half the size of America's and gaining. Unlike the countries that have tried to imitate its success, however, Japan was already a world power before World War I. Its experience has been very different from that of the eight countries that form the primary subject of this article, and it has remained a superior model, not a colleague or a competitor.

The next level consists of two pairs of countries: the industrial states South Korea and Taiwan, and the bustling city-states of Hong Kong and Singapore. Like Japan, none of these possesses appreciable natural resources. Yet all grew economically from 1960 through 1978 at almost identical average rates of about nine percent a year, outperforming in the process almost every other country except Japan and a few small Middle Eastern oil exporters. Despite still modest gross national products, they joined the world's leading trading countries.

South Korea and Taiwan, formerly agricultural countries that suffered five decades of Japanese colonial rule, transformed themselves into heavy exporters of manufactured goods. The details of their economies have been sharply different, however, and they are also much different in size and geography. Singapore and Hong Kong, dots on the East Asian coast, rode with the region's success to become prosperous and freewheeling financial and service centers of global importance, with some manufacturing as well.

All four of these so-called new industrial countries have experienced qualitative changes in their standards of living in the space of a generation. Despite occasional blowups as in South Korea, social tensions, given the magnitude of the change, have remained quiet. All four have in recent years been trying to make the jump out of labor-intensive industries, such as textiles, footwear and simple electronic gadgets, into higher technology industry. The idea is that each worker in high-technology industry produces more than he would in low-technology industry, which permits higher salaries and prolongs rapid economic growth. They are all trying to follow Japan's lead, but the world has become very different since Japan went into computers, cars and fancy machinery. One big question for the next decade is how far the four new industrial countries will be able to pursue the high technology path.[1]

The final tier consists of four countries that are trying to move into the labor-intensive industries: the Philippines and Thailand, agricultural countries that do not export oil, and Indonesia and

[1] See Willard D. Sharpe, "The Outlook for Asia's Star Performers," *The Asian Wall Street Journal*, February 14, 1980.

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Malaysia, agricultural countries that do.

The Philippines and Thailand, countries of roughly equal size burdened with balance-of-payments deficits and inflation problems, face the most urgent need to make what the World Bank likes to call structural adjustments in their economies. A basic goal is to remove current protection and subsidies for their labor-intensive textile and electronics industries. This would force them to compete in the international market, and reward the strong companies that show the most signs of increasing the country's export earnings. Both countries have been having trouble with this process. Indonesia and Malaysia, countries of vastly different size, are working toward the same kinds of structural adjustments, but their oil and natural gas reserves have given them a bit more breathing space.

TABLE I

	1979 Population	*1979 GNP (in billions of dollars)*	*1979 per capita GNP*
South Korea	37,265,000	55.9	$1,500
Taiwan	17,250,000	32.6	1,890
Hong Kong	4,671,000	18.7	4,000
Singapore	2,368,000	9.1	3,820
Philippines	46,803,000	28.1	600
Thailand	45,486,000	26.9	590
Indonesia	138,891,000	52.2	380
Malaysia	13,642,000	18.0	1,320
Japan	115,835,000	1,019.5	8,800
China	965,279,000	219.0*	230*

Data from the World Bank, except Taiwan, for which data are based on Asian Development Bank figures. Note that populations of Indonesia, Hong Kong, Singapore and perhaps others may be understated, which means precise comparisons of per capita GNP may be misleading.

* Data from 1978.

All eight of these developing countries will be under pressure to make the right moves in complicated adjustment processes over the next few years. But to some extent, decisions will be out of their hands. All eight are heavily dependent on trade with an outside world that remains economically sick. Even Japan has been tightening up on its imports from Asia in a successful attempt to narrow its own current account deficit, which was more than ten billion dollars in 1980. (Current account measures merchandise trade plus service transactions and some fund transfers.)

Most of the East Asian countries are likely to face a test of how flexible and tenacious they really intend to be. The adjustment will be particularly demanding of South Korea and Taiwan.

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III

South Korea is a land of contradictions. The national character, to the extent that one exists, seems at times to be pulling at itself. Some foreigners stereotype the South Koreans as the Germans of developing Asia, hard-working, reliable and stoic; others view them as the Irish of Asia, garrulous and easy going. The economic manifestation of these traits seems to be that South Koreans live in a world of hard work punctuated by big, embarrassing mistakes. That is one way to explain the predicament South Korea currently faces, as well as one of the major stumbling blocks the government must try to avoid in seeking a solution.

In recent years, for example, South Korea has developed one of the world's few healthy shipbuilding industries, in 1980 second only to Japan in new orders, according to Lloyd's Registry of Shipping. The new government-owned integrated steel complex is reputed to be one of the world's most efficient. But an enormous ill-conceived project to build heavy electricity-generating machinery had to be bought up by the government when its private developers could not finish it. Valued at $600 million, it had debts of $800 million, and the government had to pump in $500 million to get construction started again.

One of the country's greatest assets is its government technocrats, the overseas-educated planners and managers who are often given a large share of the credit for South Korea's economic success. President Chun Doo Hwan eased foreign worries after the December 1979 military coup that brought him to power, when he retained some of the most respected government economists as close advisers.

Yet many officials are becoming convinced that in 1973 the technocrats made fundamental errors that led ultimately to the economic and political crisis of 1979–80. The technocrats took an aggressive gamble in 1973: they decided to pursue the high road of rapid economic growth and investment in capital-intensive heavy industry. At first the results were impressive. But the 1980 recession and the return to rapid inflation have provoked "some very serious second thoughts," according to one senior South Korean official. A confidential government study sharply critical of the economic decision-makers of the 1970s says that South Korea should have moved more deliberately, as did Taiwan, focusing less on big industrial projects and more on upgrading labor productivity in less expensive industries, such as the higher technology side of electronics.

South Korean officials trace the fateful 1973 decisions in large

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part to the Nixon Doctrine of 1971.[2] Fears that Richard Nixon, and later Jimmy Carter, were moving to withdraw all U.S. troops from South Korea led the country to invest heavily in defense-related heavy industry and to try to master a wide variety of production processes. The 1973 decision to push further into petrochemicals, steel, ships and heavy machinery was a logical extension of this policy. The country would pull itself out of the oil crisis by importing expensive raw materials and turning them into more sophisticated products, using some at home and exporting the rest at a profit.

But the government tried to do too much at once. It channeled heavily subsidized loans from government-controlled banks into heavy and chemical industries. The cheap money spurred inflation. Efforts to make wages keep pace with inflation simply stimulated more price increases, which in turn reduced the competitiveness of export goods. The government made things worse by initially refusing a currency devaluation, although it later had to accept regular devaluations.

Meanwhile, the government made a second fateful decision: to mount a big push for construction contracts in the Middle East. South Korea earned nothing from Middle East construction in 1973, but by 1978 the country had won almost $15 billion in contracts. As workers went to the Middle East a resulting skilled labor shortage put more pressure on wages. The influx of money sent home by the overseas workers, in turn, helped push up prices, much as Spanish gold helped produce European inflation in the sixteenth century.

Heavy and chemical industry products grew to 25 percent of exports in 1978, up from 16.3 percent in 1972. But South Korea's production costs in these capital-intensive industries—notably petrochemicals—were often higher than those of overseas competitors.

By 1979 the technocrats realized they had gone too far, but it was too late. South Korea's fast-moving corporate groups had raced each other to get into the government-sponsored industries, and had not bothered much with market research. In an effort to avoid favoritism, the government had subsidized the investment. Now the different companies were seriously overextended, each trying to hold on, waiting for the competition to cave in. They were also in need of increasingly large loans.

[2] For a detailed discussion of this question, see Kim Kihwan, "Current Economic Situation in Korea and the Prospects for U.S.-Korean Cooperation," *Economic Bulletin*, November 28, 1980, published by the Economic Planning Board of the Government of the Republic of Korea. Dr. Kim is Senior Counselor to the Deputy Prime Minister and Minister of Economic Planning.

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Under General Chun, the government has announced a tough new policy. It has ordered consolidations of several industries, reducing the number of companies involved. The Bank of Korea, the country's central bank, has said it will no longer grant loans to bail companies out unless they show some sign of being able to survive on their own. Government officials labored this past spring and summer on a new five-year plan which they say will mark a clear change in direction. In line with the new international vogue of supply-side economics, the government insists it will take a more free-market-style approach, ending subsidies and cheap loans, gradually reducing import controls and forcing local business to compete under international standards.

Economic planners say they are placing a new emphasis on "skill-intensive" industry: machinery, textiles, computers and other advanced electronics. Price stability will replace rapid growth as the top priority. The Economic Planning Board has announced that to keep inflation down it will from now on target yearly growth at between seven and eight percent, instead of the nine percent targeted in previous years.

But any effort to bring about fundamental change will suffer from what some economists call the "Queen Mary effect": even if the government tries to push the rudder hard to one side, it will be some time before the ship responds. Many business groups are still overextended, and textile manufacturers in particular have said they cannot afford to switch over to new, high-productivity equipment as fast as the technocrats plan. The country has extensive heavy industrial and chemical plants whose output will remain a fundamental part of the economy. Even the five-year plan calls for heavy and chemical production to continue growing. Locally produced petrochemicals in particular are still more expensive than imports, and South Korean businesses that use the local petrochemicals to make finished goods end up with overly expensive items for local sale and export. This inefficiency filters through the entire economy.

What is more, the country's top economic experts still seem to be privately divided as to goals. Initial outlines of the five-year plan call for postponement of the planned second integrated steel plant and third petrochemical complex, but officials say privately that they still plan to carry out both, at a cost of billions of dollars each. As the decision to invest $500 million more in the heavy machinery complex indicates, the government may find itself in too deep to pull back, even from projects that are white elephants.

There are nevertheless signs of recovery. Exports turned up in

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the first half of 1981 and the economy is likely to grow back this year to where it was at the end of 1979. Borrowing plans call for more than eight billion dollars in new loan commitments—about half from commercial banks—but banker confidence has returned to a point where this should present no problem. Indeed, many South Koreans and foreigners alike seem to have a visceral faith that, whatever its problems, South Korea will overcome them and prosper again.[3]

Taiwan is the country many South Korean technocrats wish they could emulate. Largely out of necessity, Taiwan has pursued economic growth cautiously, playing tortoise to South Korea's hare. As the government in Taipei became increasingly isolated from other governments, its leaders knew that Taiwan could not politically afford periods of economic failure, and they have taken steps to promote stability.

Taiwan's policy of slightly less frantic economic stimulation since 1973 seems to have proved the more prudent. In the process, the island has kept inflation, although generally above ten percent in recent years, under better control than South Korea has. Particularly enviable is Taiwan's international financial position: with foreign currency reserves of more than seven billion dollars, Taiwan has more money on deposit with foreign banks than it owes them in loans. That is partly because Taiwan has a higher savings rate than South Korea and has not needed to borrow as much, but it is mostly because Taiwan's more cautious development has not required as much cash.

But Taiwan, like South Korea, is pushing now to transform its economy. Officials like to show off two new government companies: China Shipbuilding, which claims one of the largest drydocks in the world, and China Steel, whose chairman says its steelmaking equipment is the most modern available and operates at 110 percent capacity. But beneath a thin layer of a few big government and private companies, Taiwan's economy is based on a large number of small family companies that can switch into different specialties. Taiwan's biggest exports are not steel or ships, but

[3] An executive at Pohang Iron & Steel Company, the government's integrated steel mill, tells a story that helps explain that feeling. When Pohang was still expanding its plant, company president Park Tae-Joon negotiated a long-term contract to buy coal and iron from Australia for a new section of the mill. The strict contract required him to begin paying for the goods even if the construction were delayed. But on his return, he learned the expansion had somehow fallen weeks behind schedule. Rather than stockpile the goods or delay delivery—both expensive propositions—he ordered a double construction schedule. Each day a different executive was assigned to personally lead the workers until the double quota was completed. At the cost of two months of sleepless nights for Mr. Park and his employees, construction was finished and the mill expansion ready when the Australian materials arrived.

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rather such labor-intensive items as footwear, textiles, electronic goods and other simple industrial products. Although labor costs are somewhat lower than in Hong Kong or Singapore, they are much higher than those of such coming competitors as China and Southeast Asia. Government warnings of the need for change in this area are becoming more shrill.

Premier Y.S. Sun told the legislature earlier this year that the top priority for the 1980s will be development of higher technology machinery and electronics industries, notably automobiles and computer and information services. In both areas Taiwan hopes to maintain a labor-cost advantage over competing producers in more advanced countries.

The government is strongly subsidizing this switch, as it has subsidized other basic industrial moves in the past. It has created a science park, a sort of industrial park for high-technology companies, to train technicians for computer and complex machinery industries. K.T. Li, the former Finance Minister who helped spark economic development in the 1960s and 1970s, has proposed a complicated system of tax incentives for research and development, something the cost-conscious Taiwanese businessmen tend to ignore.

The investment in such a transition represents something of a gamble for Taiwan's cautious government. But although Taiwan's problems are less stark than South Korea's, the Taipei government is under similar pressures. Oil prices pushed the 1980 current account into deficit for the first time in recent years, and another deficit is expected this year. Computers and automobiles are industries that it took Japan years to enter, and Taiwan can expect an uphill battle. It has had trouble attracting foreign investors to the science park, for example. But like South Korea, Taiwan needs to move into industries that will produce higher labor productivity without requiring big capital or raw materials investments.

For Taiwan, the pitfalls of capital-intensive industry were driven home by the problems of its big petrochemical industry. Until recently, petrochemicals were listed by the government as one of the three pillars of Taiwan's industrial future, together with machinery and electronics. But Premier Sun said in February that heavy and petrochemical industries that are big energy users will be expanded only for domestic needs, and no longer to produce exports. (Like South Korea, Taiwan still wants to maintain military-related industries.)

The problem—the same one that plagues the South Korean

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petrochemical industry—is that the cheapest way to make basic petrochemicals, known as petrochemical intermediates, is from natural gas at the well. Having no wells, Taiwan makes intermediates through an expensive process of refining imported oil. As world demand for petrochemicals has slackened, U.S. petrochemical producers have undersold Taiwan's.

The adjustment is a painful one for Taiwan because its petrochemical industry already makes up a large part of the economy. Taiwan's largest private industrial group, Formosa Plastics Group, saw its profits sag ten percent in 1980, and other companies, less well diversified than Formosa Plastics, were hurt even worse by the high cost of locally produced intermediates. Union Carbide of the United States began quietly looking for a buyer for its 25-percent share in Oriental Union Chemical Corporation, one of Taiwan's government-sponsored petrochemical joint ventures.

The troubles of the petrochemical industry reflect one of the government's most important quandaries. As in most developing countries, major industrial investment in Taiwan has almost always been orchestrated by the government. Although the country went less into heavy industry than did South Korea, Taiwan's government put large amounts of its own funds into steel, shipbuilding, aluminum smelting and, often in conjunction with foreign and local private interests, into a broad intermediate petrochemical industry. Now some of those investments—notably petrochemicals and aluminum—are turning out to be bad competitors by international standards. More so than in South Korea, where many of the heavy industries are privately owned, the government of Taiwan is struggling to resolve its own errors and redirect public money, a difficult process.

The government is itself a curious institution. It is run by so-called mainlanders whose families fled China in 1949. But 15 million of the 17 million people it presides over are Taiwanese, whose families have lived on the island for generations. Senior government officials still tend to see themselves as keepers of the Chinese ideal, rooted in Confucianism, and often see business as an unpleasant necessity. Hence much of the economy seems often to be struggling against government limitations. In spite of government refusal to grant new banking licenses to private business groups, some of the latter have nevertheless managed to establish seven quasi banks called investment and trust companies, several of which have violated government regulations in their aggressive efforts to expand lending. Some Taiwanese business people have found ways to trade with China through Hong Kong, and many

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wish Taiwan could simply declare itself an independent country, an idea that appalls the government.

Yet this sometimes backward-looking government handled the loss of U.S. diplomatic recognition with great foresight. It moved its reserves held in U.S. banks into accounts in the names of dummy companies, out of China's reach. It courted European powers that had withdrawn recognition in the late 1960s and early 1970s, persuading such countries as France, Britain and West Germany to step up trade. The Netherlands accepted the expulsion of its Peking ambassador in order to sell Taiwan submarines. European banks competed aggressively to open new branches they would not have wanted a few years earlier.

By operating internationally almost like a corporation, Taiwan has diversified somewhat, politically and economically, but it has also developed a new vulnerability. Its new quasi-political relations are dependent on its demand for European goods and on the cheap price of its exports. If it falters economically, it has little to fall back on but the U.S. China lobby and such remaining friends as South Africa and South Korea.

Tensions between mainlanders and Taiwanese seem to be declining, however. As the Chinese ideal fades, some children of mainlanders are emigrating. The expectation is growing that in coming years representatives of Taiwanese businessmen will slowly work their way into government.

Given the tie between economics and politics, the direction of future government investment remains a fundamental question. Up to now the economy's strength has been such that a young person could open a business and be exporting to Bloomingdale's or Sears within five years. Taiwanese businessmen will be trying to do the same now with such goods as computer chips, a complex business in which they will have tough competition from Japan and the West.

Some economists argue that in the race between Taiwan's tortoise and South Korea's hare, South Korea's bigger, broader based economy could prove an asset. The race is not over yet.

IV

The city-states of Hong Kong and Singapore were in some ways the region's best performers in 1980. They showed economic growth rates of about ten percent, with little or no unemployment. Both are tiny trading cities whose imports of consumer goods and raw materials leave them, paradoxically, with large trade deficits. Both cover the deficits more than adequately with service earnings

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and money from outside investors. Like South Korea and Taiwan, they too are trying to move out of labor-intensive industry, but their success as service centers takes off some of the pressure for industrial performance. Service-related business grew more than manufacturing business in both cities in 1980, yet both economies boomed nevertheless.

Despite the parallels, however, Hong Kong and Singapore are in some ways less alike than South Korea and Taiwan. Both grew up in the British colonial system. But Hong Kong is a city on China's coast, populated mostly by families of refugees who fled across the border after 1949, and the prospect of an eventual restoration of Chinese control hangs over Hong Kong's head. Singapore is an outpost 1,600 miles to the south, between Malaysia and Indonesia. Its future has mostly to do with its immediate neighbors and international trading partners.

The most remarkable difference between Hong Kong and Singapore is in their economic and government structures. Hong Kong is a free market whose colonial government keeps taxes low and practices what former Financial Secretary Sir Philip Haddon-Cave called "positive non-interventionism." Wages, inflation and money supply are left largely to market forces, although a banking cartel sets basic local interest rates. The coming and going of money is only lightly controlled, and the colony is a haven for flight capital from Indonesia, Thailand, the Philippines, Taiwan and Malaysia. Increasing numbers of banks and multinational companies have set up offices in Hong Kong to handle regional lending and trade. China has expanded its own investments in property and local companies, and has increased the activities of 13 China-owned banks in the colony. (One-third of China's foreign-exchange earnings is estimated to come from Hong Kong-related business.) Small textile, electronics and export-import companies abound, adjusting rapidly to shifts in international demand. About 80 percent of manufacturing is exported.[4]

Hong Kong escapes a heavy oil burden because most of its business is not oil-intensive. Heavier manufacturing as well as labor-intensive business is increasingly migrating to China, whose government is encouraging joint-venture companies with Hong Kong. In some cases, however, Hong Kong investors have com-

[4] The experience of a small electrical accessories maker helps illustrate Hong Kong's position. He keeps his main factory in Taiwan, where labor is cheaper. But to avoid Taiwan's currency controls and higher taxes, he sells through his Hong Kong office, realizing profits as much as possible in the colony. He turned his Hong Kong office into a trading company when he saw the 1980 recession coming, but will turn it back into a factory when international demand picks up again.

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plained of problems with unproductive workers and unreliable construction and delivery schedules.

The biggest cloud on Hong Kong's horizon is a political one: the prospect that China, which claims sovereignty over all the colony, will probably one day want some form of political control. Although there is little pressure in Hong Kong for self-government, the British lease on most of the territory runs out in 1997. The date remains a political problem whose dampening psychological effect is beginning to be felt. But although China does not recognize the lease, its pragmatic government finds the free port useful and shows no desire for change at this point. Most analysts expect an eventual accommodation between China and Britain regarding post-1997 government. No one expects the British to remain forever, however, and the uncertainty increases the volatility of the stock and property markets, the latter of which probably includes the highest prices in Asia.

If Hong Kong seems a tribute to the free market, Singapore's success throws that logic on its ear. Here is an authoritarian country where manufacturing companies for two years were virtually required to provide 20 percent wage hikes in order to force productivity increases and drive out labor-intensive industry. (The government dropped the 20 percent guideline this year, when foreign investment showed signs of declining.) The government closely monitors the financial system, unlike Hong Kong, and summons in its foreign and domestic bankers to explain any vagaries in their performance. Prime Minister Lee Kuan Yew keeps an eye on almost everything of economic importance that happens in his little city.

Strong governmental direction, together with Singapore's location between booming Malaysia and Indonesia, which are raw materials producers, has helped spur heavier industry. Singapore is one of the world's largest independent oil-refining centers, refining oil notably for Malaysia and Indonesia, whose own refining capacity is not yet sufficiently developed. Refining income helps shield Singapore from oil price increases. Singapore has also become proficient in constructing such highly technical machinery as big offshore jack-up oil-drilling rigs, which adjust their own height.

Singapore is a very different financial center from Hong Kong. It has created established, government-supervised markets, while Hong Kong is a place for individual deals to be arranged. Singapore, for example, has set up a sizable government-regulated market in which banks lend each other offshore dollars, something

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Hong Kong's government has not attempted.

For several years now, Mr. Lee has operated like an elected dictator, working with and through a remarkably experienced and tightly knit group of senior advisers. He recently told an interviewer that his decision to emphasize free enterprise over socialism for Singapore was less important than the country's basic need to move up the industrial and financial ladder. His strong leadership has produced lower inflation than in Hong Kong and a higher level of industrial development. (It has also meant the closing of some newspapers that criticized him, and the expulsion of some opposition politicians.)

Singapore's strict immigration restrictions have kept unemployment down, and Hong Kong finally announced last November that it too will close its borders to illegal immigrants. Before that it had tolerated a steady stream of refugees from China. Hong Kong's family-oriented economy and booming free market have prevented any appreciable unemployment.

Given their entrepôt functions in a region that continues to grow rapidly, both Hong Kong and Singapore promise to enjoy bright futures for some time to come, and their growth will probably stimulate trade throughout the region. But since their populations added together barely equal that of metropolitan Seoul, they seem unrealistic models for other Asian countries.

V

Singapore's four partners in the Association of Southeast Asian Nations, the Philippines, Thailand, Indonesia and Malaysia, occupy a very different world from that of the region's four more advanced performers. Theirs is a world of lush agricultural land with extensive natural resources. Except in the case of Malaysia, they also suffer from power blackouts, floods, population problems and rural poverty.

Despite their efforts to diversify their economies, all four of these countries are likely to be dependent for the foreseeable future on their commodity exports. A simple comparison tells a lot. Indonesia's primary exports are oil and natural gas, together a full 73 percent of its exports. One of Malaysia's leading net exports is oil, and natural gas is projected to overtake oil in the coming years. Hence both countries are currently on strong financial footing, with steady, high growth and regular injections of foreign currency income.

The primary Philippine exports are sugar, coconut products and copper concentrates, while Thailand's include rice, rubber,

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tapioca, tin and maize. All of these are subject to hard-to-predict world price fluctuations. Both countries face serious current account deficits and lower rates of growth than they would like. Their troubles could become serious.

Of the four countries, the Philippines is the one that gets the most international attention. It has borrowed more from foreign banks: according to the Bank for International Settlements it owed the world's leading commercial banks more than nine billion dollars at the end of last year, compared to about four billion dollars for Thailand. (Indonesia owed more than six billion dollars, but had nearly eight billion dollars of its own on deposit with the same banks.)

Bankers have been worrying about the Philippines for years, but so far the country has proved itself reliable and financially responsible. It pays its foreign debts on time. But a recent scandal involving runaway financier and textile magnate Dewey Dee, who left behind 635 million pesos (about $80 million) in personal and corporate debts, exposed some flaws in the business community that ran much deeper than one man's troubles, or even one industry's. Coming at a time of overall economic weakness, the scandal touched off a run on several investment banks. That in turn revealed the heavy debts and serious weakness of a number of leading companies, several of which have close ties to President Ferdinand Marcos.

Officials of Bancom Development Corporation, Southeast Asia's most prestigious indigenous investment bank (not linked to the Marcos family), say the bank was saved from failure by a special bank rescue fund established by the Central Bank, as were several less prestigious investment houses. The government also has begun aiding troubled companies, and among those who have asked for help are Construction & Development Corporation of the Philippines (the largest construction company), the Silverio group (which includes a leading automobile assembly company), and the Herdis group of companies; all three are considered close to the Marcos family. Some economists argue that the major lesson of the financial scandal is that the "new oligarchs," the Marcos associates who built business empires to replace the old families that Mr. Marcos forced out, have become a serious economic burden.

The Dee scandal made it clear that Philippine problems, from shaky finance and government favoritism to weak industries, are broad and intertwined. It is a country that has imported boxes from Taiwan for its bananas and cans for some of its other food

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products. It has trouble controlling a speculative financial community. In the spring of 1979, for example, the government extended extra credit to stimulate manufactured exports. Somehow, however, much of the money was used for speculative imports of raw materials and consumer goods. The embarrassed Central Bank clamped a lid on credit to counteract the unwanted flow of money into imports. Tight money helped push up interest rates and hurt many of the businesses the Bank wanted to help. Prices went up too and the speculators profited.

The growing power of Marcos-linked companies and the control of the basic commodities by Marcos cronies have long been political issues in the Philippines. Some businessmen complain that if they do well, they have to worry about having their companies absorbed by one of the President's friends. Others worry that if the President is ousted, the demise of some of his friends' many companies will damage the economy.

Basic questions also surround two long-standing pillars of the Marcos government's economic policy: diversification into labor-intensive manufactured exports, and the pursuit of 11 major industrial projects. Many of the latter, which range from copper and aluminum smelting to petrochemicals and an integrated steel complex, are the kinds of projects that have posed problems even for the more advanced countries to the north.

The 1981 financial crisis made it clear that the government has not done a good job of establishing what it calls "non-traditional" industries, essentially labor-intensive textile and electronics manufacturers, which are meant to reduce dependence on agricultural commodities whose prices can fluctuate unpredictably. Although these industries produce 35 percent of exports, planners have found that local parts and fabrics usually are not of high enough quality for export. Export companies usually reprocess expensive imported materials, which means the added value to the country has been low. Most textile companies do not even try to export, and local fabric manufacturers have been protected from foreign competition by tariffs on imported fabric (except that which is to be reprocessed for export), which has permitted them to become inefficient. As the Dee affair revealed, the textile companies are also heavily indebted, at local interest rates that have been above 20 percent for well over two years.

Still, with labor costs rising in Asia's more industrial countries, and with those countries trying to move into high technology, it seems logical that the Philippines should pick up the textile mantle. The government has obtained a World Bank loan to help

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companies modernize, and under World Bank and International Monetary Fund pressure has begun reducing tariffs and import restrictions. If the program is enforced, it should force some companies to be more competitive, and will probably force others to fail. Philippine wages should not restrict competition, however; many economists believe wages declined in real terms during the 1970s.

Plans for the 11 industrial projects are less clear. Some of the energy-intensive projects, such as petrochemicals, may be delayed. The aluminum project has been plagued by disputes with the foreign partner, although Philippine officials insist they will see it through. The copper smelter, based on the extensive local mining industry and on Japanese investment, is going ahead. Philippine officials say that a good part of the large capital costs of the projects will be provided by foreign investors, and they deny that the projects are too complicated for them to handle. Any projects that divert investment away from projects with a greater chance of success, however, could create problems for the future, as happened in South Korea.

The last two years have been rough on the Philippines, which has missed growth targets and seen growth levels decline steadily (to 5.2 percent in 1980, with 18.8 percent inflation). But the Philippines' bad economic reputation abroad is probably an exaggerated one. Hong Kong and Taiwan have more speculative stock and property markets, and Indonesia's petty corruption and bureaucratic nightmare surpass those of the Philippines.

The Philippines also has human assets. President Marcos has attracted and given broad authority to a variety of respected technocrats. In the private sector, SyCip, Gorres, Velayo & Co. has expanded virtually throughout Southeast Asia to become the most influential indigenous management and accountancy outfit in the region.

The Philippines nevertheless has the highest debt service ratio (yearly interest and principal payments as a percentage of export income) in East Asia: about 19 to 20 percent depending on the level of interest rates. Some foreign bankers fear the debt may eventually have to be restructured and some repayments postponed, which would in effect mean issuing new loans to refinance old ones. Although that would be expensive for the Philippines, it would not be disastrous.

Foreign bankers often seem less worried about the heavy debt than they are about political and economic weaknesses. The political situation, however, has changed little since martial law

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was declared in 1972. Mr. Marcos has ended martial law in favor of an elected presidency, but he will retain substantial power. His ambitious wife Imelda seems to have lost political ground in the race to succeed her husband, and there is still no clearly chosen successor. Armed rebellions are local, not national problems, and the opposition is disorganized and weak. The biggest political problem is probably the one South Korea solved painfully in 1980: uncertainty about who will follow a man whose name has become synonymous with government.

A more immediate problem is what to do about highly indebted and sometimes badly managed companies that repeatedly turn to the government for loans. The government wants neither failures nor repeated bailouts. Even more than South Korea, it needs to clean up an economy in which well-managed companies (the Soriano family's San Miguel and Atlas Consolidated Mining & Development Corporation are often cited as examples) still mingle with those benefiting from favoritism. That is the real burden that stands between the Philippines and a measure of economic success.

VI

As with the other pairs of countries, Thailand and the Philippines face many of the same basic problems, but within fundamentally different societies. The Philippines has had a strong central government since martial law was declared in 1972, while Thailand has seen a series of revolving-door military and, occasionally, civilian regimes—44 in 48 years. The latest Deputy Prime Minister for Economic Affairs, banker Boonchu Rojanastien, ended certain government energy price subsidies and promised a more open economy, but was pushed out in a cabinet reshuffle after 13 months, shortly before an unsuccessful coup attempt in April. At least three general problems can be singled out: the lack of government direction in a fragmented economy still dependent on price subsidies, the heavy oil demand, and dissatisfaction in rural areas, where people feel they are taxed to support spending in Bangkok.

The dominant economic factor is a group of perhaps 15 leading ethnic Chinese families that control all the leading nongovernment banks and several top companies. Civilian and military government officials, notably the young Turk faction that failed in the recent coup attempt, occasionally threaten measures to control the family dominance of big business, but the families have managed to blunt the effect of one or two laws that have been passed. Laws to restrict Chinese businessmen have not been

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nearly as forceful as in Malaysia, Indonesia and the Philippines.

Government continuity is maintained by an upper echelon of Western-educated technocrats, but repeated government shakeups have made the bureaucracy as a whole self-protective and resistant to change. Infighting among transitory political parties makes things worse. A proposed increase in oil refinery capacity, for example, became a political issue revolving around foreign oil company profits, and took years to resolve. While the dispute lingered, the country had to increase imports of expensive refined oil products.

A recent World Bank study warned that electricity prices would have to be doubled within four years and petroleum product prices doubled within five years. It noted that chronic government budget deficits forced inflation to 20 percent in 1980, while overconsumption of imported energy has widened the current account deficit. It said that unless the government raises energy prices further, makes government agencies pay for themselves, and initiates an important push toward export industries, Thailand will face mounting current account deficits requiring prohibitively high foreign borrowing. The oil problem is particularly worrisome. A 1979 study of Esso Standard Thailand, Exxon Corporation's local subsidiary, noted that energy demand in Thailand was expected to grow at 8.5 percent per year from 1980 through 1985, slightly down from previous years but "still high by world standards."

Thailand's big hope is offshore natural gas, scheduled to be available for electricity generation later this year. Recently, specialists have said there may be more gas than was originally expected, and that some gas could possibly be sold to Japan to help pay for oil imports. But although oil exploration has stepped up in northern Thailand, the country is likely to remain a major oil importer, and its ability to curb demand will be a big determinant of future economic success.

Thailand's fertile land and heavy food production have been its greatest strength. Until recently there has been enough land that increases in rural population meant increases in production. But the land is filling up and population is growing in Bangkok. Younger, more left-wing planners are becoming more vehement about the need to invest in rural areas, and the issue could lead to tensions between the rural poor and the urban middle class.

If the government takes measures to force industries to become more competitive, Thailand could finish the 1980s with a significant light industrial sector and with oil consumption under con-

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trol. But it will mean casting aside the established habit of muddling through problems, a habit which has long preserved Thailand from colonization or major war. Past performance has not been strong. For example, efforts to put capital to work through creation of finance companies and an active stock market led to stock speculation and market manipulation by some finance companies. The collapse of Raja Finance Company in 1979 provoked the collapse of stock prices, and neither the market nor the finance companies have recovered yet.

Few political analysts expect the government of Prime Minister Prem Tinsulanonda to be around long enough to free itself of factional rifts. One positive factor, however, is that slowed growth, down to the six to seven percent level, will probably mean fewer imports and less increase in pressure on the deficits in the balance of payments and the government budget.

VII

Indonesia is undoubtedly the East Asian country outside China most blessed with natural riches. Revenue from oil exports is pushing up foreign currency holdings almost faster than the government can keep track, and vast parts of the country, notably offshore waters, still have not been explored. Economists calculate that the country earned almost enough in 1980 from interest on its foreign currency reserves (which currently total more than ten billion dollars by conservative estimate) to pay both the interest and principal it owed last year on its foreign debt.

But Indonesia's wealth is dwarfed by its population. A smile-shaped string of more than 13,000 islands, it is the fifth most populous country in the world, and the largest of the Muslim countries. Despite windfall wealth, it remains a poor, rural, food-importing country.

The 1979 OPEC oil price increase nevertheless helped spark a boom in East Asia's only OPEC member, and foreign oil and gas companies have flocked to invest. It is Indonesia's extensive natural gas deposits, which are just beginning to be developed, that hold the greatest promise for the future.

Current projections call for Indonesia's growing economy to eat up all its oil production by the 1990s, although rising exploration could help extend its life as an exporter. Oil export revenue was up 50 percent in 1980 to $13 billion, the same order of magnitude as that of a small Persian Gulf state. Natural gas, much of which is sold to Japan, earned just $2.3 billion in 1980, but that was double the earnings of the year before. Many economists think

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gas earnings will grow to more than cover lost oil export revenue.

With numerous large oil, gas and petrochemical projects under way or planned, and with the booming economy generating other industries, foreign investors and contractors often complain of delays, massive corruption and shortages of skilled labor. Indonesia has, however, successfully arranged to repay billions of dollars in loans on which the state oil company Pertamina defaulted in 1975, an incident which exposed one of Asia's most costly government scandals.[5] Banks are again eagerly competing to lend in Indonesia.

The World Bank, however, issued a report earlier this year, warning Indonesia that it risks a serious current account deficit by the late 1980s unless it stops relying almost entirely on energy exports for its economic success. The Bank wants Indonesia to stop subsidizing oil prices at home, and to make a more serious effort to develop non-energy-related export industries that can compete internationally. It also wants a major push to improve education and living standards, remove protective tariffs, and reduce obstacles to foreign investment. Many economists feel the World Bank's view is pessimistic, and doubt that the economic pressures will be bad enough to push the slow-moving government into major changes.

But if the World Bank is right, it could mean increasing social and economic problems in the 1990s, though Indonesia today shows few signs of the kind of political instability that produced the bloodletting between communist and anti-communist forces in 1965. That violence led eventually to President Sukarno's departure and brought General Suharto in to replace him. President Suharto, now sixty, is likely to be elected to a fourth five-year term in 1983, and whenever he leaves he is generally considered likely to be succeeded by another conservative general.

Malaysia's position vis-à-vis the other three commodity exporters is similar to the favored position of Singapore vis-à-vis the three other industrial countries. The key to Malaysia's success is a small population and a great diversity of natural wealth. With less than one-tenth Indonesia's population, its per capita GNP is just $200 short of South Korea's. Moreover, Malaysia is not dependent on any single commodity. It is the world's largest rubber and palm oil exporter, and oil is a big export earner. Depending on future discoveries, Malaysia's limited oil supplies

[5] For further details on this affair, see Seth Lipsky and Raphael Pura, "Indonesia: Testing Time for the 'New Order,'" *Foreign Affairs*, Fall 1978, pp. 186–202.

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could make it a net oil importer by the late 1980s, but like Indonesia it has heavy natural gas reserves to take oil's place.

Manufacturing now accounts for about 20 percent of all exports. The notable success stories are textiles and electronics, the standard ones the economists are pushing. Malaysia is also increasing its capacity to refine its own oil. One of the country's biggest successes has been the conservative economic and monetary management that held inflation to 6.7 percent last year—nearly double the rate of the year before, but unusually low by regional standards.

A major challenge for the 1980s will be development of the states of Sabah and Sarawak on the island of Borneo. Plans have been kicked around for several years to set up energy-intensive industries to use the ready natural gas supplies that lie offshore as well as to exploit the island's timber, but the necessary infrastructure is not in place, and projects have been repeatedly delayed and redesigned. Many economists think Malaysia is not really ready for extensive heavy industrial development, and that the delays are not such a bad idea.

Difficulties seem minor compared to most other Asian countries. Most important is the racial problem. About 53 percent of the population is *bumiputra*, or what the government considers native races, primarily Malay. About 35 percent is ethnic Chinese, and about ten percent is Indian. Because of the greater business success of the Chinese, a problem that provoked race riots in 1969, the government adopted one of the most blatant policies of racial discrimination in Asia. The New Economic Policy of 1970, together with occasional revisions, set out requirements aimed at increasing the *bumiputra* shareholdings in companies to 30 percent by 1990, from an estimated 2.4 percent in 1970. Results have been slow and the government has had to buy much of the *bumiputra* equity itself. The Chinese community remains the driving business force, and racial tensions continue to be a problem.

A related issue is the rising expectations of the population. Although there is a labor shortage in less desirable rural and plantation jobs, urban areas face more than six percent unemployment. Growing demand for imported consumer and capital goods has helped push up inflation this year, and, together with a nasty slump in the prices of Malaysia's commodity exports, has helped throw the current account seriously into deficit.

The government has been tough with foreign investors, notably the oil companies, which since the mid-1970s have had to give the lion's share of production to the government. One, Continental Oil Company, pulled out, but most other foreign investors seem

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willing to put up with the abrasive government in hopes of a shot at the resources. The country's political problems do not seem to hinder its economic success.

VIII

One of the most troublesome problems facing East Asia's rapidly developing economies is the need for continuing injections of cash to cover large current account deficits and to finance new development. Since 1979, such financial specialists as former Chase Manhattan Bank Chairman David Rockefeller and Federal Reserve Board Chairman Paul Volcker have warned that many banks are reaching prudential limits on international lending, and that big borrowers could begin to have trouble finding sufficient funding.

So far, however, there has been nothing of the sort. Every East Asian borrower, including the much-maligned Philippines, finds it easier to borrow today than it did a year ago. Banks are short of earnings and awash with money to lend, and they are offering attractive terms. Most Asian borrowers are still borrowing more than they need and expanding their reserves, leaving them something to fall back on if borrowing becomes difficult later.

Some bankers worry, however, that the current money glut could be even more transitory than an oil glut. Big borrowers like South Korea and the Philippines are likely to run deficits for the foreseeable future, which means that when foreign loans come due, the governments will not have excess earnings of their own with which to repay. South Korea and the Philippines are already using new loans to cover interest and principal payments on old loans. Morgan Guaranty Trust Co. of New York has forecast that a steadily increasing gap will eventually appear between the needs of the developing countries and the amounts of money the commercial banks can prudently lend.[6]

Bankers and economists differ widely on how the problem will be resolved. Edward P. Neufeld, chief economist of Royal Bank of Canada, takes what might be called the "closed system" view. So long as oil exporters run balance-of-payments surpluses, he argues, the money will find its way to banks, which will relend it to worthy borrowers. Some very weak economies may have trouble borrowing, he says, but the high growth countries of East Asia should remain attractive places for banks to put money.[7]

[6] Morgan Guaranty Trust Co. of New York, "World Financial Markets," September 1980.
[7] Edward P. Neufeld, "Submission to the Select Committee of the House of Commons on North-South Relations," 1980.

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Geoffrey Maynard, Chase Manhattan's director of economics for Europe and the Middle East, argues that the real question is not whether the banks can pass on the cash, but rather what the borrowing countries do with it. In his view, those that manage to create high-productivity industries, expanding the economic base and earning foreign exchange, should have little trouble borrowing, even in large amounts.

Many international bankers are still unhappy with their almost quasi-governmental roles of taking deposits from oil exporters and lending the money to deficit-ridden countries. The International Monetary Fund and the World Bank are stepping up their own roles in this process, notably by borrowing more heavily themselves from such oil exporters as Saudi Arabia and lending the money to developing countries. Arab-owned banks also are becoming more active in the process. But many commercial bankers are beginning to feel, probably rightly, that their banks are becoming so deeply committed to some borrowers that the banks could not withdraw from the process even if they wanted to. Happy or not, the commercial bankers seem to be increasingly resigned to their roles.

What has begun worrying the bankers more immediately is the harsh effect of high U.S. interest rates on developing countries that borrow money. Most international bank loans carry floating interest rates: interest on the loan varies up and down with the interbank rates, the rates that banks charge each other to borrow funds. Most Asian borrowers have succeeded in negotiating terms under which they pay only thin margins in addition to the interbank rate. But in recent months, interbank rates for dollars have averaged well over 15 percent, which represents substantial real interest above U.S. inflation rates. This is a turnaround from the situation during most of the 1970s, when interest rates were often lower than inflation rates and borrowing was cheap.

Heavy borrowers have found themselves with sizable bills to pay. One South Korean official estimates that his country paid as much as one billion dollars more in interest in 1980 than in 1979, and some South Korean companies have seen their interest costs triple or quadruple. For some borrowers, the interest burden has become more severe than the burden of oil prices. In 1970, Morgan Guaranty calculates, the world's 12 largest oil-importing developing countries paid six percent of their export earnings in interest. In 1980, the figure was 16 percent,[8] and it has risen since. Many

[8] Morgan Guaranty Trust Co. of New York, *loc. cit.*, December 1980.

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economists consider current interest rates untenable for heavily indebted developing countries such as South Korea and the Philippines. They feel the interest burden is emerging as the primary threat to the success of Asia's more vulnerable economies.

IX

The Korean language has a slang phrase for goodbye that Koreans use much as Americans use the phrase, "take it easy." The Korean version, however, translates as "work hard."

That seems an appropriate phrase for most of the major East Asian developing countries in the next few years. They will probably have to work harder to achieve less remarkable results than before. A certain level of diminishing returns was probably going to hit the four industrial countries anyhow, as they try to make the difficult shift from labor-intensive toward high-technology industry. But a substantial part of the sluggishness they will be fighting will be imported in the form of expensive oil, high interest rates, and depressed demand for Asian exports in Western countries.

Given general international economic performance, what is surprising is not that some of the East Asian countries have had to accept slower growth. It is that four—Hong Kong, Indonesia, Malaysia and Singapore—are still experiencing little or no growth slowdown. Most of the others, notably former fast-growth champion South Korea, have concluded that some slowdown is actually desirable, even if it means giving up the myth of gaining on Japan any time soon.

There is a large crystal ball component to this kind of discussion, however. All eight of the East Asian economies have basic internal weaknesses which they could fail to muster the insight or ability to overcome. High exposure to international trade makes them more vulnerable than most countries to serious disturbances elsewhere in the world. But so long as the world continues to reward productivity and hard work, East Asia is likely to continue as a world center of prosperity and high economic performance.

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Asit K. Biswas

WATER FOR THE THIRD WORLD

Water is used by man for a variety of important purposes, among them irrigation, navigation, hydroelectric power generation, industrial manufacturing, waste disposal, recreation, and wildlife enhancement. The most fundamental use of all, however, is community water supply for immediate and vital needs—drinking, washing, cooking and sanitation.

At present anyone living in a developed country hardly gives thought to the availability of water for these needs. One has only to open a tap at any time of day or night to obtain as much clean water as desired. But often it is not realized that even in industrially advanced countries like the United States or Canada, running water in homes was not available in many rural areas a few decades ago—certainly within living memory. In many instances rural electrification was instrumental in providing running water.

The situation is very different in developing countries, where the majority of people do not have access to clean water. Viewed from a global perspective, availability of potable water to communities falls within two extremes. At one extreme are the highly urbanized cities of advanced industrialized countries, where everyone has in-house water connections and sewerage services. The quality of water is excellent, and it is available in unlimited quantity very economically. Such supplies are considered not only essential but also mandatory, and appropriate institutional, infrastructural and financial arrangements have been successfully established over many decades. In general the quantity of water used per capita in such advanced countries is quite high. For example, in the United States the domestic water use is around 65 gallons per capita per day.

At the other extreme are the rural communities of developing countries, which commonly have no service of any kind, either for potable water or for excreta disposal. Their sources of water could be a well, pond, lake, river or rainwater or some combination thereof. The main sources of water in rural areas of most devel-

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oping countries still continue to be uncovered wells or shallow communal ponds, which are used for all domestic purposes like drinking, bathing or cleaning. Domestic animals not only often drink from the same water source but also are cleaned there. All these diverse human and animal activities and a lack of measures to protect water quality often contribute to severe contamination of the sources. It goes without saying that the continuing use of the resulting polluted water poses a definite health hazard to all.

Sources of water often vary according to the season. For example, a study of several villages in the Kwara State of Nigeria indicated that rainwater, used by some 40 percent of the people in the wet season, drops to zero in the dry season from November to March. The use of stream water correspondingly increases from 12 percent in the wet season to about 48 percent in the dry season.

Similarly, in areas of developing countries, people generally use different sources of water for different purposes. Water from wells may be used for drinking, whereas for bathing and washing a pond, lake or river may be preferred. Often sources near settlements are avoided (both by custom and because of likely contamination), and it is necessary for people to travel considerable distances for access to water.

In the face of such conditions, providing adequate and readily available supplies of clean water moved in the 1970s to the forefront of concerns about the condition of developing countries. With development generally frustrated by energy costs, worldwide recession and other difficulties, this it seemed was both a central area and one where much might be accomplished in a reasonably short time. Now, with a 1980 resolution of the U.N. General Assembly designating the 1980s as the International Drinking Water Supply and Sanitation Decade, it may be useful to take stock of the problem of water. What do we know about it, and where is our understanding weak? Are the goals that have been set realistic? What most needs doing, if not to achieve them by the dates now set, at least to make real and lasting progress on what is undoubtedly an extremely important problem?

II

While it is an accepted fact that a significant percentage of the world's population do not have access to clean water, we do not have accurate information on the actual magnitude of the problem. The best information available at present is an aggregate of "raw" estimates of varying degrees of accuracy from many developing countries, provided by their governments and compiled by

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the World Health Organization (WHO) of the United Nations. Its most complete recent survey, as of the end of 1975, rested on questionnaires returned by 71 developing countries (unfortunately not including the People's Republic of China).[1]

According to this survey, 77 percent of the total urban population in these 71 countries had access to piped water through house connections or standpipes, and 75 percent had reasonable sanitation facilities.[2] The situation, as one might have expected, was significantly worse for the rural communities, where only a minority—22 percent—had access to safe water and even less—14 percent—had appropriate sanitation facilities.

WHO estimated that the number of people having access to public water supply schemes in developing countries had increased from about 498 million to around 763 million during the period 1970 to 1975. Despite this dramatic increase, however, the number of persons *not* receiving clean water remained almost the same due to rapid population growth.

A later WHO estimate for 1980, which is not as "rigorous" as the earlier one, indicates that the percentages of urban and rural populations having access to clean water increased to 75 percent and 29 percent respectively.[3] Since rural populations predominate in developing countries, the percentage of total population having such access increased from 38 percent to 43 percent during the five-year period.

It is important to get a perspective on the estimates provided by WHO. To start with, the figures quoted are average ones, and thus mask the tremendous disparities that exist from one developing country to another, and very often within the countries themselves. The range of such disparities can easily be shown by considering the data provided by African countries for the United Nations Water Conference held at Mar del Plata, Argentina, in March 1977.[4] For example, Egypt reported that 94 percent of its urban population and 93 percent of its rural population had access to clean water, which—if correct—would place that country far ahead of the rest of Africa. Senegal had the next best report, indicating service to a high percentage of its population (82

[1] World Health Organization, "Community Water Supply and Waste Water Disposal: A Mid-Decade Progress Report," Document A29/12 Rev. 1, Geneva: WHO, May 6, 1976.

[2] A typical standpipe is beside a road and provides water for a group of houses. It consists of a faucet fixed to a standing pipe, at about three to four feet from the ground.

[3] World Health Organization, "Drinking Water and Sanitation, 1981-1990: A Way to Health," Geneva: WHO, 1981, p. 2.

[4] "United Nations Water Conference: Summary and Main Documents," Vol. 2 of the *Water Development, Supply and Management Series*, Series Editor Asit K. Biswas, Oxford: Pergamon Press, 1978.

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percent) and comparatively little disparity between urban and rural areas (98 percent and 74 percent, respectively). Countries like Liberia, Kenya and Madagascar present a different picture. Of the total population, 17 percent in Liberia and 12 percent each in Kenya and Madagascar have access to potable water, but the contrasts between urban and rural situations are remarkable (Liberia, with 100 percent urban coverage and six percent rural; Kenya, with 97 percent urban and two percent rural; Madagascar, with 87 percent urban and one percent rural). Finally, there are countries like Gabon where the situation is very bad for both urban and rural sectors. Only one percent of the total population have access to clean water in Gabon, which includes only six percent of urban dwellers and a negligible number in rural areas.

Two further points are worth noting about such information. While availability of water is synonymous in the advanced industrialized countries with a 24-hour uninterrupted supply, the situation is radically different in most developing countries, where water is often available only on an intermittent basis. It is highly likely that more than half the people having access to piped water receive it on an interrupted basis only. In certain parts of the world like Southeast Asia, probably as much as 90 percent of the population receive only an intermittent supply. In the typical case of Calcutta, the system was not intended to supply intermittent service. Rather, it has become intermittent due to leakage, great increases in population after the system's installation, unauthorized use, and lack of trained personnel and spare parts for maintenance.

Furthermore, continually running standpipes are a very common sight in most developing countries. The total loss of water is quite substantial: while no detailed analysis is available, an informed guess would be somewhere between 15 and 50 percent, depending on the countries and locations. In other words, simple statements of areas "served" may conceal the fact that water supplies are intermittent or that a lot of the water is lost from the system.

Second, the information on which the WHO survey was based was provided by individual countries. While some countries clearly try to provide the best estimates available, even their figures should be noted with a healthy skepticism. Considering the slums and squatter settlements of the urban centers of developing countries, it is a little hard to believe that the entire urban populations of several developing countries have access to clean water. Nor does the survey provide any information on the

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effectiveness of the systems being used. Many existing systems have been deteriorating sharply over the years, both in terms of quality and safety. (For example, in certain areas of the older part of Dacca, no water has been available for more than a year now.) Very few countries have reliable data for all their villages, and thus estimates are guesses at best.

In addition, it is not exactly uncommon for countries to provide biased information. Some tend to provide overoptimistic assessments in order to indicate to the outside world that they are more "developed" than they actually are. In contrast, others may present pessimistic data, hoping this will increase the flow of external aid.

III

Even though we do not have reliable data for these various reasons, two important issues emerge from the limited information available. First, the problem is at present overwhelmingly a rural rather than an urban one. This situation has developed over the years not only because of distinct urban bias on the part of the planners but also as a result of prevalent political and institutional pressures. The elites who hold power are urban-based; their policies, in spite of the rhetoric, clearly favor the areas where their power centers normally lie. Rural people tend to be poor, illiterate and malnourished, and thus have very little political power, and the bureaucracies are often not familiar with rural problems and constraints. Furthermore, because of the low population concentration in villages, capital investments appear uneconomic. In addition, as we shall see, inadequate planning, insufficient budget, incomplete execution of plans, and lack of understanding and emphasis by donor countries and agencies have often not helped the cause of water supply in rural areas.

On the other hand, while no doubt undue priority has been given in the past to the urban and better-off groups, the urban fringe consisting of urban poor in squatter settlements, slums and shanty towns has been largely overlooked. In some ways they are even worse off than their rural counterparts, who often have at least the choice of using different sources of water. For example, the official Social Survey of 1974 for the Tondo Foreshore, the largest slum and squatter settlement of metropolitan Manila in the Philippines, indicated that 63 percent of the residents bought water from the street vendors at a per capita cost which could be as much as three times higher than their more affluent counter-

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parts, who received more water of a better quality in the convenience of their homes. Compared to the rural population, however, this lack of water availability of the urban poor is in part compensated by their better diet, availability of health care facilities, and greater awareness of good hygienic practices.

Second, while major advances have been made during the past 20 years in increasing the percentage of people having access to clean water in most countries, the sad fact is that there have been declines in some regions as well. WHO's first three surveys—in 1962, 1970 and 1975—are not strictly comparable, since the number of countries surveyed changed with time: 75 countries in 1962, 91 in 1970 and 71 in 1975. Furthermore, an examination of even 1970 and 1975 data indicates that individual national estimates by many countries differ significantly from one period to another due to major differences in enumeration.

In spite of these constraints, if we consider the changes in the percentages of urban population served during the period 1962 to 1970, remarkable improvements were noted in Southeast Asia and East Asia, both improving by more than 20 percent. In contrast, the Latin American and Caribbean regions registered a ten percent decline. Similarly, in the 1970 to 1975 period, Southeast Asia and East Asia and the Western Pacific showed most improvement, 15 percent or more, but unfortunately in Africa south of the Sahara the situation actually deteriorated and showed a two percent decline.

IV

As the deplorable situation of water availability to communities became better recognized, a series of goals and objectives have been approved at intergovernmental levels during the last decade. The first was the target for water supply adopted in 1969 as one of the goals of the United Nations Second Development Decade (DD2), the decade of the 1970s. The DD2 target called for potable water to be available by 1980 to 100 percent of the urban population and 25 percent of the rural population in developing countries as a whole.

For almost the identical period, 1972–81, the Ministers of the Latin American States, at a meeting in Santiago, Chile, in 1972, set revised regional targets: 80 percent of the urban population to be provided with house connections by 1981, and 50 percent of the population then not served to be provided with minimum service.

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After the WHO survey of 1975, the 29th World Health Assembly, in May 1976, recommended revised 1980 targets differing from region to region. The effect was to reduce the overall DD2 target of 100 percent of the urban population to a little over 90 percent.

Then, in the fall of 1976, the United Nations Conference on Human Settlements ("Habitat"), held at Vancouver, gave a shot in the arm to the community water supply movement by approving a sweeping goal of safe water for all by 1990. The following year, the United Nations Water Conference at Mar del Plata approved a resolution stating that "all peoples have the right to have access to drinking water in quantities and of a quality equal to their basic needs." It recommended that "priority attention" be given to "the segments of the population in greatest need," reendorsed the Habitat target of clean water for all by 1990, and urged the countries to develop by 1980 suitable national plans and programs to meet the targets. It further recommended that the decade 1980–90 should be designated as the International Drinking Water Supply and Sanitation Decade.[5]

The importance of the availability of clean water to all was again stressed at the International Conference on Primary Health Care, jointly sponsored by WHO and UNICEF, at Alma Ata, U.S.S.R., in 1978, and at the World Conference on the United Nations Decade for Women: Equality, Development and Peace, at Copenhagen in 1980. Finally, on November 10, 1980, the United Nations General Assembly officially launched the International Drinking Water Supply and Sanitation Decade, reaffirming the goal of clean water for all by 1990.

V

No sane person would argue with the statement that access to safe drinking water and hygienic disposal of wastes should be an important social goal of every nation. From experience in advanced industrialized countries, we know that water-related communicable diseases are now very rare due to running water in all homes, coupled with good sewage and waste disposal facilities. In addition, however, these are reinforced by the availability and knowledge of health care.

It is not possible at present to define precisely the relationship between quality of water and public health. Other broad and diverse elements like housing, comprehensive health services,

[5] *Ibid.*

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availability of nutritious food, energy, education and transportation are also important. Many of the health and other related benefits most people now expect from the provision of clean water to rural communities in developing countries are unlikely to accrue unless rural water supply and sanitation are considered within the overall context of integrated rural development. The necessity for such an integrated approach is becoming evident as many projects in developing countries are now unable to deliver all the benefits expected.

Let us briefly take two examples. One is a disease that can indeed be eliminated by providing clean water, with minimal added steps. But for the second disease—rather a whole range of waterborne diseases—clean water is only a part of the answer.

First is the guinea worm disease, which is currently widely prevalent in developing countries of Asia and West Africa but can be eliminated by the provision of clean water and education.[6] Current estimates of people infected range from 10 to 48 million every year; 20 million infections per year is a likely average. In some places, like Andhra Pradesh in India, many people become infected 50 to 100 times during their lifetime, and some have suffered for 20 to 30 years at a stretch.

Provision of piped water has already reduced guinea worm infections from 60 percent to zero in some towns in Nigeria. By educating the people about the intermediate host—Cyclops—and by simply sieving the contaminated water through a double-thickness cotton cloth, the incidences can be eliminated. Similarly, by enclosing the step-wells (so-called because one has to step in to draw water) by a brick wall and thus forcing people to draw water by a rope, the transmission cycle can be easily broken. Such measures successfully eradicated the disease in Tashkent and Samarkand in the Soviet Union some 40 years ago, and have already reduced its incidence in the Indian provinces of Andhra Pradesh and Rajasthan.

[6] Guinea worm disease is transmitted by drinking water containing a crustacean water flea—Cyclops—which carries the larvae. The larvae develop in the walls of human digestive systems, from which the adult female worm migrates toward the skin. It then grows and causes sores. After about a year it emerges, usually through the victim's legs or skin. When the victim comes in contact with fresh water, the larvae are released, which are then eaten by Cyclops. When another person drinks the water, the cycle starts again.

The mature worm can reach up to four feet in length. The only well-known but highly unsatisfactory treatment is to wind the worm around a stick and pull it out slowly day by day. If it breaks a severe abscess results. Guinea worm infection seldom kills, but it does cause disabilities due to painful abscesses and ulcers—usually in legs and feet. About five percent of the victims become permanently disabled. In some areas, epidemics have incapacitated 30 to 50 percent of the inhabitants.

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The contrasting case is the incidence of diarrheal disease. Studies in Bangladesh,[7] Guatemala,[8] Lesotho[9] and the United States[10] have failed to demonstrate that improvements in water quality had any marked impact on the diarrheal disease incidence. The reasons for such findings are complex, but a brief discussion is in order.

Unfortunately, water is not the only means through which fecal-oral diseases like cholera, typhoid, diarrheas, dysenteries or hepatitis are transmitted. Unless it is clearly known that diarrheal disease is almost exclusively waterborne in a specific community, improvement of water quality alone is unlikely to change the incidence of the disease significantly.

Moreover, improving water quality via standpipes does not automatically improve personal hygiene practices which have developed over centuries. In very few instances where potable rural water supply schemes have been developed have provisions also been made for bathing and laundry facilities. People thus continue to use contaminated sources for such purposes, and these continue to remain sources of infection. House connections or communal washing and laundry facilities need to be provided before a marked decrease in such water-related diseases can be expected.

Thus the importance of educating the public about good hygienic practices cannot be overemphasized. At present such services in rural areas are mostly nonexistent, even for those households which are looking for information.

The second major benefit expected currently from the provision of potable water is that it will significantly reduce, and in many cases eliminate, the time now spent in collecting water. The time thus freed could be used for learning or productive work.

There is no doubt that the major beneficiaries of the widespread availability of safe water are going to be the women and children of the developing world, who currently spend considerable time in fetching water and collecting firewood. According to studies conducted in Africa, 90 percent of all water and fuel is collected

[7] R.J. Levine et al., "Failure of Sanitary Wells to Protect Against Cholera and Other Diarrhoeas in Bangladesh," *The Lancet*, July 10, 1976, pp. 86–89.

[8] J.E. Gordon, M. Behar and N.S. Scrimshaw, "Acute Diarrhoeal Disease in Less Developed Countries," *Bulletin of the World Health Organization*, Vol. 31, 1964, pp. 1–28.

[9] R. Feachem et al., eds., *Water, Health and Development: An Interdisciplinary Evaluation*, London: Tri-Med Books Ltd., 1978.

[10] D.J. Schliessmann et al., "Relation of Environmental Factors to the Occurrence of Enteric Diseases in Areas of Eastern Kentucky," *Public Health Monograph No. 54*, Washington: GPO, 1958.

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by women and children.[11] In some places like Wayen in Upper Volta, women walk for two to three hours every day to the water sources, and carry about 50 pounds of water on their heads. The process burns off 600 calories per day, about one-third of their average food intake.

Freeing women and children from such chores will ultimately provide enormous benefits. Women will have more time to spend with their families and in the fields, and children will have more time for education. However, in order to maximize the benefits, women must have productive work and children must have schools and other facilities. These would not automatically come with the provision of clean water! Integrated rural development would certainly help, but the realization of full benefits will take time, and there is even a possibility that the situation could worsen initially.

VI

As the examples just given suggest, quality of water alone is unlikely to bring all the benefits expected. Especially for the key objective of better health, two other factors need to be considered: quantity of water used and education.

From the empirical studies available so far, it is becoming increasingly evident that quantity of water used has an important impact on health. How much water do we need per person per day? There are no simple answers. Even the needs for basic survival depend on body size, climate, type of work being performed, etc. Normally, the basic survival requirement per person is about one gallon a day.

But survival needs are very different from health needs, which are significantly higher. Information on the minimum amount of water consumption needed to maintain adequate health is scarce, but some indication can be obtained from a ten-year study carried out in Singapore from 1960 to 1970. This study attempted to correlate domestic water use in relation to waterborne diseases reported in Singapore hospitals. Predictably, it indicated that as domestic use goes up, disease goes down. However, there did not seem to be much improvement beyond 20 gallons per capita per day of high quality consumption. Hence, it could be concluded that this amount represents a "social minimum" for that area.

[11] A Nigerian survey indicates that the task of fetching water falls more on older children than the younger ones, but the situation is exactly reversed for the wives, whose responsibility decreases with seniority.

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Unfortunately other studies of this nature are not available to enable us to draw firm conclusions. For example, we do know that as the standard of living increases, so does water consumption. Accordingly, for the Singapore study, it is highly likely that some socioeconomic indicators changed as well when per capita water consumption increased, which means that the reduction in incidence of diseases cannot be solely attributed to the increase in water use.

Presently most water consumption figures in developing countries are arbitrarily fixed at around three to five gallons per day. This seems well below any reasonable health minimum, although it may also understate the amounts actually consumed once community supplies are available. On the other hand, the simple provision of standpipes does not appear to increase water use patterns in the villages; the change really occurs when taps are available in individual houses. Once a household has a tap and bathing facilities, water use increases and health improvements are appreciable. But plainly an enormous effort still needs to be made not only to provide facilities but to persuade people to make full use of them.

This leads to the second point—the importance of education. With the rural people, some of the basic points of personal hygiene must be instilled: i.e., discontinuing use of contaminated water for drinking, cooking, washing and bathing, boiling of contaminated water if it has to be used, storage of water, and basic sanitation requirements in handling food products and disposing of waste products. The effectiveness of education will ultimately decide whether all the benefits of community water supply programs are realized. Unfortunately this simple lesson has still not been fully grasped by most national and international agencies dealing with community water supply.

Let me illustrate the point briefly, using the example of my home town in India, Balasore, where standpipes and some house connections have been provided in recent years.

— People have no information on how to store water, so that contamination takes place at home.
— Although they may have safe water at home, people think nothing of drinking from the nearest water source, regardless of its condition, when they are away from home and thirsty.
— Small children, who normally have the highest incidence of diarrheal diseases, often are not taught to use the improved water supply.
— In most instances, there is no provision for drainage of spilled

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water at the standpipes, with the result that pools of stagnant water (a common sight in most developing countries) become breeding grounds for mosquitoes and other insects—Balasore now has more malaria than before, and has in effect traded waterborne for mosquito-borne diseases!

— When the system breaks down, as it does frequently, people resort to contaminated sources—and are now more vulnerable to infection after having used clean water for a time.

— Provision of standpipes has not increased the volume of water use per capita.

In short, providing quality water is only the beginning in terms of the ultimate goal of improved health. There must be enough of it, and people must be educated in its use. While these aspects of the problem must be primarily the responsibility of national and local authorities, they affect the plans of international agencies as well.

VII

The functional appropriateness of many rural water supply schemes is often dubious for a variety of reasons. Technology transfer in this area has created many problems, and only a few major ones will be mentioned.

The question of water quality standards is an important one. The one very often used is the standard prepared by WHO, which is more suitable to urban water supply schemes of temperate climates than to rural tropical areas. Blind adherence to WHO standards has often necessitated expensive types of equipment and trained people to operate them, neither of which are easily available or essential. The WHO recommendation—that water should be condemned if it is repeatedly found to contain one *Escherichia Coli* per 100 milliliters—would mean that a significant percentage of existing supplies in developing countries would have to be condemned. Further, one must question the appropriateness of the total coliform index in limiting health hazards in the tropics, for it could often provide misleading results.

What is necessary is the concept of a variable standard, which could be location-specific, depending on the number of people involved, risks of infection, present quality of water, and investments available. The important point should be that the new schemes provide better quality water than available at present, but it need not necessarily be up to the best available standard. If the WHO standard were adhered to universally, some rural people would undoubtedly get very good quality water, but most others

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would have no potable water at all for a long time to come. Voltaire's statement that the best is the enemy of the good is most appropriate here, since the best cannot be realistically achieved everywhere quickly and with the resources available.

However, it may not be easy to get the concept of variable standards accepted quickly by some politicians in the developing countries. In many instances their standard reaction can be summed up as: "You mean it is good for the North Americans and the Europeans but not good for us?" For these urban elites, who already have access to potable water, it seems more important to score political points than to accept what could constitute a significant improvement in water quality for the rural areas. Confronted with such attitudes, many agencies have been reluctant to press the issue.

Another problem of standards is that Western engineers who go to developing countries are often trained to stick rigidly to the codes of practice approved by their professional associations. Thus they often automatically use the design standards of the West, which are more suitable for urban water supply systems of temperate climates than for the rural areas of the tropics. Setting design criteria and technology too high will generally be counterproductive.

VIII

What, then, might it cost to achieve the targets for the Decade, and where might the required funds come from? In 1970 it was estimated that the original DD2 target for the urban sector (100 percent service) would require an annual investment of $1,081 million, for a total of some $11 billion at 1970 unit costs over a ten-year period. These estimates were for capital costs only; maintenance, operation and replacement costs were not included.

This estimate has already proved far too low. The report prepared for the 1977 U.N. Water Conference by WHO, with initial assistance from the World Bank, calculated that, during the five-year period from 1971 to 1975, $9 billion was expended for urban water supply and $2.25 billion for rural water supply at 1973 price levels.[12] It further estimated that the investment necessary to meet the Conference's community water supply target (clean water for all by 1990) would be $3.43 billion annually at 1977 prices for the urban sector and $2.72 billion annually for the rural

[12] "Water Development and Management: Proceedings of the United Nations Water Conference," Vol. 1 of the *Water Development, Supply and Management Series*, Series Editor Asit K. Biswas, Oxford: Pergamon Press, 1978. The figures in this paragraph are at pp. 985 and 988 of Part 3 of that volume.

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sector. Over the period from 1975 to 1990, the total investment required was estimated at $92.2 billion for water supply and another $40.74 billion for sanitation, for a total of $132.94 billion. This again was a gross underestimate.

The most recent estimates were made in 1980 by the World Bank. Assuming complete urban and rural coverage with the urban population "to be served at commonly accepted levels of house connections for water and sewerage and the rural population at a lower standard of service," total costs would be more than $600 billion (in 1978 dollars). The Bank also provided a second option, using "a wider mix of service levels and the use of more appropriate technologies, in urban and rural areas alike," which might cut costs to $300 billion or possibly less.[13] Even this lower estimate amounts to an investment of $82.2 million every single day for the next ten years!

This $300 billion estimate has been quoted recently so extensively that it has almost enshrined itself in the literature and discussions at international meetings. However, to any real expert who has lived and worked in developing countries and is familiar with the local situations, the cost estimate for the 80 percent target fulfillment will still come as a serious underestimate.

The Bank's new estimate is based on the following average per capita capital costs in 1978 dollars.[14]

Water supply with	*Urban*	*Rural*
house connection	120	150
standpipe	40	40
hand pumps	—	25

However, other experienced observers share my judgment that the real costs incurred are likely to be much higher, probably by as much as 20 to 30 percent.

Furthermore the $300-billion cost is only for new installations: it does *not* include any estimates for operation, maintenance and repair (OMR). This is an important omission, which gives a false view of the total investment required during the Decade. Unfortunately, recipient and donor countries have thus far shown very little interest in OMR. The WHO surveys mentioned earlier provided no information on the services that have become non-operational in recent years. By failing to include OMR costs, the Bank's estimate may have missed an excellent opportunity to sensitize the relevant agencies to their urgency and importance.

[13] World Bank, "Water Supply and Waste Disposal," *Poverty and Basic Needs Series*, September 1980.

[14] *Ibid.*, p. 16.

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There simply is not much point in installing new services if they cannot be maintained. Past studies indicate that 40 to 80 percent of all hand pumps break down within three years of installation. For example, a survey carried out in 1971 in northeast Thailand indicated that 87 percent of rural water supply systems investigated had difficulties in operation.[15]

In 1976, as many as 80 percent of the tubewells established with foreign aid in South India and Bangladesh were out of service.[16] Currently, 30 to 40 percent of the tubewells in Bangladesh are inoperative at any time, and some have not been used for the last two to three years. Around 50,000 of the tubewells are now inoperative because the wrong materials were used, or the pipes are old and choked with silt. Extracting old pipes and installing new ones is an expensive process and adequate funds are not available.

Finally, even though the "accepted" Decade cost of $300 billion is a serious underestimate, it should be noted that in real terms it is about ten times the total investment made during the decade 1971–80.

IX

What are the chances of success in achieving the goals of the Decade? A realistic answer has to be that they are not very great, since many constraints have to be overcome.

First, let us consider the investment costs. The bulk of the funds required for investment have to be generated by the developing countries themselves: external aid as a percentage of total investment for the 1971–75 period varied from a mere nine percent for rural water supply to 12 percent for the urban sector.[17] Such funds can only be forthcoming if governments radically alter their priorities. With major food and energy problems looming over the horizon, it seems unlikely that changes will be forthcoming. Where they have been, however, results have been striking. Thus, in Bangladesh, where rural water development has become a national priority, 55 percent of the people in the rural areas have access to clean water, as compared to neighboring countries like India (10.1 percent), Pakistan (17.1) or Nepal (5.1).

External aid from bilateral and multilateral aid agencies is

[15] Economic and Social Commission for Asia and Pacific, "Rural Community Water Supply and Rural Sanitation in Relation to Over-All Management of Water Resources," Document E/ESCAP/NR.7/2, ESCAP, Bangkok, June 23, 1980.

[16] Asit K. Biswas, "Water Development in Developing Countries: Problems and Prospects," *GeoJournal*, Vol. 3, No. 5, 1979, pp. 445–56.

[17] *Loc. cit.* footnote 12, p.985.

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difficult to predict. The World Bank's commitments to water supply and waste disposal are expected to increase from an annual average of just over $300 million in the period 1974–78 to an average of more than $700 million between 1979 and 1983.[18] Many bilateral donors have indicated that they will increase their support for the Decade's goals, but whether they will do so in a period of economic recession is another question. (There is a real danger that the aid budgets may even be reduced in real terms for the immediate future.) Even if donors do increase support, it is still not clear whether these would be additional funds over and above the existing aid, or would be generated merely by shifting funds from one budget line to another.

The second problem is the lack of adequate institutional infrastructure. In many developing countries urban water sectors are reasonably well established, and these can be further strengthened by better management. However, rural water sectors are often the subsidiary responsibility of a ministry of health, or public works or rural development, whose main concern is with other issues. Sometimes there are several ministries responsible for the sector and thus the coordination leaves much to be desired. Furthermore, administratively different levels of government—federal, provincial, city and village—often have an interest in the area, providing further compartmentalization of agencies and tasks. All these often contribute to stop-go programs, which are clearly inefficient.

The third constraint is a lack of trained manpower at all levels—management, planning, construction, operation, maintenance, and training. The scarcity of trained technicians and lack of local support staff at the sub-professional level present real problems. Training centers are urgently needed. Unfortunately, some of the arrangements being made at present are open to question. Bringing sub-professionals from rural areas of developing countries to advanced countries like the Netherlands for training is unlikely to be most efficient. It would be more economic and efficient if such training programs were established within the countries concerned or on a regional basis, in a selected country, for a group of countries with similar social, economic and institutional conditions.

The fourth constraint is often the form of the external aid itself. The present trend among the donor countries is to provide more bilateral aid directly to the countries rather than through international organizations. The professed reason is that it is more efficient to channel aid bilaterally. While this argument may

[18] *Loc. cit.* footnote 13, p. 41. These figures are in 1979 dollars.

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contain an element of truth in individual cases, the use of bilateral channels tends to raise problems of coordination and may inhibit the development of a solid core of experts able to learn and apply the lessons learned in a variety of countries. Moreover, some of the underlying reasons for the use of bilateral channels seem to involve control and prestige. The basic objective of improved water supply may not be served by attempts to stipulate that equipment and consultancy services may be obtained only from the donor country, or by efforts to obtain national credit for the donor country rather than an international agency.

Other problems have been created by the foreign experts. It was mentioned earlier that in certain countries as many as 80 percent of the tubewells established with foreign aid are currently out of service. In too many cases, well-intentioned foreign "experts" have very little understanding of the social, cultural, economic and technological conditions prevailing in the developing countries. In fact, a cynic might be tempted to say that a new multinational industry, having a very high growth rate, has developed: the proliferation of organizations in the developed countries offering instant solutions to all Third World problems!

There has also been a lack of consultation and coordination among donor countries. For example, during the drought of 1972, several Western countries provided different varieties of pumps to Ethiopia. Because they needed different spare parts and maintenance procedures, local technicians were unable to handle the maintenance adequately. Had all the pumps been of the same type, it might have been possible to store spare parts to keep them running and train technicians to service one type of pump.[19] Obviously more coordination between donor countries and consultations between donor and recipient countries would improve this situation.

X

Goals and targets are easy to design, and resolutions are easy to pass. International agreements on targets will in no way guarantee that the necessary plans will be developed and implemented, or that necessary funds and trained manpower will be available for

[19] These types of problems and experiences have increased the mistrust of aid and the motivation behind it. Recently, a leader of an important Asian country told me that technical assistance programs are starting to become a major headache, since certain projects appear to be designed to solve the unemployment problems of donor countries by dumping equipment and imposing foreign consultants at fancy salaries. The indigenous experts, who can perform the same task, have started to resent the high-living foreign experts, whose performance and knowledge of local conditions often leave much to be desired.

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their execution. In a world full of resolutions on targets and designated decades for different areas, national and international interest in a specific area often tends to be ephemeral. One is reminded of a resolution of the World Food Conference in 1974, which stipulated that no child should go to bed hungry by 1984—even today that target appears hollow indeed.

So resounding and pious declarations are not enough. The proclaimed objective of clean water for all by 1990, in the International Drinking Water Supply and Sanitation Decade, is a worthy one, and may be capable of achievement in a number of countries. But in a great many others it will not be realized and should be considered as only the beginning of intensified programs and activities that proceed on a realistic timetable and in doable stages—the first stage aimed at providing even intermittent water supplies in urban areas and standpipes in rural areas, and the final phase being the provision of running water in all homes.

The failure to make realistic estimates of costs is a particularly grave problem. The existing serious underestimates, while having the apparent advantage of suggesting that required investments can be obtainable, are bound to be detrimental over the longer term. Estimates must take into account not only the initial cost of new installations but the substantial sums required to keep those installations in good working order and to make the facilities provided in the past fully reliable.

It is equally important to make pragmatic assessments of how much external investment can really be expected. It is all very well to point out that the total cost of the Decade would not be great in comparison to global military spending of $500 billion a year, or that North American and European consumers currently spend on tranquillizers one-half the amount of external aid required for the success of the Decade.[20] But there are no signs that expenditures for either purpose will be reduced in the near future, or that if they were the savings would be channeled to provide clean water to all.

Next, too many of the agencies concerned with water supply and sanitation, both internationally and at the national level, continue to pursue a "top-down" approach under the management of urban technocrats. These agencies need a major infusion, combined with training, of personnel who understand rural problems and are capable of bringing to bear the necessary knowledge of overall health, social and educational needs.

[20] See, for example, the special August–September 1980 issue of *World Health*, the magazine published by WHO.

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Finally, both national and international agencies need to pay far more attention to the operation, maintenance and repair of water facilities after they are installed. This means not only keeping the physical water delivery systems running, but continuous monitoring of the quality of water delivered.

In short, like many other development problems, the problem of providing adequate water supplies to the Third World will not yield simply to the application of money and other resources—although these are of course vital for success. Its solution calls for a major reshaping of existing institutions all the way from the local to the international level, and for a massive effort to train both operators and recipients to make proper use of new facilities and water supplies. Only if these steps are undertaken together will the goal of clean water and sanitation for all—if not by 1990, at least reasonably soon thereafter—cease to be an "impossible dream" and become the reality it could indeed be.

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William Clark

ROBERT McNAMARA AT THE WORLD BANK

From April 1, 1968 to June 30, 1981, Robert McNamara served as President of the International Bank for Reconstruction and Development, more commonly known as the World Bank. Each of its five Presidents has left a distinct mark on the institution; none has had a greater personal impact on both the substance and style of its operations.

It is far too early to attempt any final judgment on the McNamara presidency. In the light of history, the ultimate test must be whether and to what degree the Bank, under his leadership, contributed constructively to the economic and social progress of the Third World, and thus to the well-being of the world as a whole. How will the projects and above all the new policy directions undertaken by the Bank in this period finally work out? We cannot possibly know at this stage, even in terms of tangible indicators, still less in terms of the intangibles of capacity and attitude that are likely in the long run to be decisive.

But it is not too early for a different kind of account and appraisal. What did McNamara set out to change, and how far did he succeed in achieving his objectives? How did he fare in coping with an already entrenched international bureaucracy, with a governing Board of 20 members representing over 100 member nations, and with the governments of the 45-odd countries that now receive loans from the Bank and of the 20-odd industrialized countries that supply the great bulk of the funds for these loans—in particular the most important of these, the United States? These are, perhaps, more limited questions. It may be, however, that an attempt to answer them will throw light not only on the past, but on the problems that now confront the Bank and its new President, A.W. Clausen.

II

Mr. McNamara came to the Bank in 1968 directly from seven years as U.S. Secretary of Defense. But even in those years his public testimony had frequently stressed the crucial importance of economic progress, and in one notable speech, in Montreal in 1966, he had piled up a host of examples to make the case that peace and stability in the world depended far less on armament levels than on raising the standards of life of the poorer two-thirds of the world. As his close associates knew, that speech came from a depth of personal feeling that may have been intensified by the experiences of his Pentagon years (notably, of course, the Vietnam War) but that had its roots

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much further back in his life and personal philosophy. To these associates, and in time to President Johnson, he let it be known that the economic development of the poorer nations was the task to which he wished to devote at least the next phase of his life; many times, then and later, he compared the post-emancipation century of neglect of American blacks—which he hoped was ending for good—to the centuries of neglect that had afflicted the economic welfare of the poorer nations.

Thus, he assumed the presidency of the World Bank with a driving sense of mission. During his first days he gorged himself on statistics of past Bank lending and was surprised to find how small and patchy the effort had been compared with the obvious need. There had been no recent loans to such critical areas as Indonesia or Egypt, nor to the great majority of the very poorest countries in Africa. At the end of the first week McNamara called together the President's Council (the most senior Bank officers) to ask some questions: why was the lending for this fiscal year going to be below a billion dollars? Why were so many needy member countries neglected by the Bank? The reasons given were numerous: Indonesia had only recently returned to the Bank's fold, Nasser's Egypt was unpopular with the U.S. Congress, most countries in Africa were too backward to prepare projects up to World Bank standards—and so on. But above all, it was argued, there were financial constraints that forced the Bank to concentrate its efforts on a few favored and regular customers. The funds for the Bank's regular loans had traditionally been obtained almost wholly in the American market of Wall Street, while the then-small "soft loan" window of the International Development Association (IDA) depended overwhelmingly on the American share, which had to be voted by a reluctant Congress. Neither Wall Street nor the Hill—so the consensus ran—was in any mood for providing more.

Mr. McNamara listened with some signs of impatience as the general gloom of the meeting was deepened by a sudden preternatural darkening of the sky outside. He closed the meeting abruptly, saying: "I am going to ask you all to give me very shortly a list of all the projects or programs that you would wish to see the Bank carry out if there were no financial constraints."

The President's Council filed out in a state of shock at a proposal which seemed to defy the laws of financial gravity. Outside it discovered that the darkness was not caused by a passing thunderstorm, but by a pall of smoke over the city. Large areas of Washington were being ravaged as the poorer two-thirds of its population erupted in outrage and largely self-inflicted violence over the assassination of Martin Luther King, Jr.

During the next three months the Bank staff turned itself inside out, bringing out of bottom drawers proposals that had been rejected for lack of funds, working out new proposals for countries that had previously been considered as having had their full share, and even proposing some standard projects for countries previously rated too backward to be able to cope with Bank-style development. When it was all added up, the proposals seemed to involve roughly a doubling of the Bank's average rate of lending in the past five years. And this was, indeed, the scale of expansion that McNamara presented formally to the annual meeting of the World Bank and International Monetary Fund in his first major policy speech, in September 1968.

By that time he had already gone some distance toward providing two of the basic requirements, expanded funding and a larger and more diversified staff. At the outset, the gravest doubt concerned whether a major jump in the

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Bank's borrowing might damage its precious AAA rating on Wall Street. No less an authority than the Bank's Treasurer (an American) was so convinced that this was attempting the impossible that he offered his resignation, which was immediately accepted.

But McNamara was confident that the Bank's demands on the world capital markets could easily be met, if not from Wall Street, then from the German economic miracle in Frankfurt, or from the oil-rich economy of Kuwait and its neighbors, or from the burgeoning market in Tokyo, and always, from all corners of the world, through the Banks in Zurich. And by the time of his September 1968 speech, McNamara was able to announce that in the previous 90 days the Bank had raised more funds by borrowing than in the whole of any single calendar year in its history. The trend continued through his first term, with total annual borrowings more than doubling, from $735 million in fiscal 1968 to $1,723 million in fiscal 1973. In the 1969–73 period, less than one-sixth of the Bank's borrowing was from Wall Street.[1]

Along with this increase in the Bank's borrowing activity came a large increase in staff, beginning with the budget approved by the Executive Directors in June 1968. Here too there were serious initial objections, with one much-respected Executive Director voting against the budget on the grounds that the scale of expansion was unrealistic. (A year later he apologized handsomely.) But as important as the increase in size alone (from 767 professional staff members in fiscal 1968 to 1,654 in fiscal 1973) was the change in its composition. When McNamara took over, the relatively small staff was about one-half Anglo-American, with less than five percent of its members coming from the Third World. The new recruitment effort was designed to provide a staff far more representative of the Bank's total membership. By 1972 the staff was composed of over 100 nationalities, and the trend continued as the staff grew to its present level of about 2,500.

But these, of course, were only the necessary tools for the wider perspective that McNamara brought to the Bank's operations—a perspective he summed up in his September 1968 speech to the Governors by the keynote statement: "I have always regarded the World Bank as something more than a Bank, as a Development Agency."

The problem as he saw it was to create in the Bank a critical mass of power, both financial and technical, sufficient to accelerate the rate of development in the poorer countries to a high but sustainable level. McNamara was fully aware that about four-fifths of the resources for development must be provided by the developing country itself, and of the remaining fifth only a small proportion could come from the World Bank. But he was determined to use that small contribution to make the maximum impact on the development strategy of the country. And since he was determined that the Bank would operate in nearly every developing country, its overall influence could be immense, certainly far greater than any other development agency.

Inevitably, and at once, there were questions from both Right and Left, from inside the Bank and from its clients, about the propriety of the Bank

[1] The German capital market had already become a significant source in the 1964–68 period, and the Japanese capital market became significant in 1970. In the course of McNamara's tenure, the choice among capital markets varied from year to year on the basis of cost factors, with Wall Street an occasional major source; however, it was not used at all in 1978–80. In addition to private sources, the Bank has steadily obtained approximately one-third of its requirements from Central Banks and other official sources.

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exercising such power, with what appeared to be increased risk both of financial loss and of the Bank getting caught up in political crossfires. The conventional wisdom was that even the World Bank was still essentially a Bank, and should be prudent, not pioneering. So the new President's keynote sentence was not well received by the many conventional bankers present. But it was a rare gleam of hope for the representatives of the developing countries. And McNamara's own answer—again reflecting a deeply held personal philosophy—was given in the same speech in biblical terms: "The parable of the talents is a parable about power—about financial power—and it illuminates the great truth that all power is given us to be used, not to be wrapped in a napkin against risk."

That inaugural speech was the manifesto for his first five-year term as President. In it he clearly foreshadowed not only a doubling of the Bank's lending, but major changes in policy emphasis:

—most of the increased funds were to be (and were) allocated to breaking the main constraints on development rather than limited to then-conventional infrastructure projects. Those constraints he identified as population increase, malnutrition and illiteracy;

—accordingly, the enlarged lending program included much larger investment in agriculture and education, and greatly increased attention to the problem of controlling population growth;

—greatly increased emphasis on the poorest developing countries, especially those in Africa.

In essence, these new policies thrust the Bank into a new activist role, stressing social as well as purely economic factors and tacitly abandoning the old theory that the Bank simply responded to requests for loans. Instead the new style called for a continuous dialogue between the borrower and the bank; its prototype was Indonesia, which McNamara visited in June 1968, deciding on the spot to resume lending and to set up a field office in Djakarta (reporting directly to him) charged with advising the technocrats who were trying to restore the economy so effectively shattered by Sukarno. In a short time the Bank mission, headed by Bernard Bell, had become by far the most powerful external influence on Indonesia's development planning.

But if the Bank was to give this kind of advice—a challenge to which many of its staff, as well as some Executive Directors, responded with misgiving—it plainly had to improve its own competence and understanding of the development process. So the small Economics Department McNamara inherited was substantially expanded into what became in 1972 a Development Policy Staff, headed by Hollis Chenery, which interacted with the technical and country staffs (themselves reorganized in 1971) to produce copious advice on development plans. Within a few years, there was a confidential Country Program Paper for every borrowing country showing what that country's growth points were, how the economy could best be developed, and how far the Bank's lending program could contribute to that course of development. The selective use of Bank leverage became an accepted and important part of its role as a Development Agency. And the Bank became something it had not previously been, the foremost world center for authoritative studies of key development issues and problems; this did not make it necessarily right or wise in all its advice, let alone popular, but it did mean that its voice carried great weight, and came over time to be much valued by most of the countries with which the Bank dealt.

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Inevitably, too, the new policy emphasis and expansion of lending raised questions of maintaining the quality and "bankability" of the Bank's loans. It had been comparatively easy, in earlier times, to assess how a dam or transportation project would pay for itself; the new projects in agriculture and rural development, education and population control required far more careful appraisal to ensure that they were productive and that they really benefited the broad mass of the people in any community and could be sustained for some decades to come. There was also a post audit to ensure that the project had fulfilled its mission. All these checks convinced McNamara and most of those around him that though the Bank was doubling its lending, the quality of the loans, in development terms, was improving not declining.

And there was, at the outset, a related issue about the relationship between "regular" loans of fully bankable quality, and the expanded IDA credits that became a rapidly increasing share of the total aid flow, especially to the poorest countries. Taking account of the grace periods (usually ten years) before any repayment was required, and of their low interest rates, IDA's credits were recognized to be grants to the tune of roughly 80 percent. Should they not be removed from the umbrella of the IBRD and made wholly separate, so that IDA could be purely developmental without the drag of banking orthodoxy? This was indeed the suggestion of Sir Arthur Lewis, a preeminent authority (later Nobel Prize winner in economics) and member of the Pearson Commission established by George Woods and McNamara in 1968 to examine the whole development scene. McNamara responded without hesitation that if there were a choice between effective development and banking orthodoxy he would choose development; but in fact there need be no such choice, so that IBRD and IDA could always march to the same drum. In practice, IDA credits grew from an average of $267 million in the 1964–68 period to a level of $1,350 million by fiscal 1973, whereas regular loans increased from $847 million in fiscal 1968 to just over $2 billion in fiscal 1973. Both continued to be handled by the same staffs, and presented for approval by the same procedures.

To preside over a major expansion and reorienting of the Bank's activities might in itself have exhausted the capacities of a normally industrious executive. But McNamara's energy level is far above normal, and through the new changes he was trying always to put together elements of a more adequate approach to development. In this effort he drew on the advice of a constant flow of outside visitors, but above all on the Bank's staff. The analyses they prepared at his request were the basis of months of discussion, often revolving around sections of his annual speeches to the Governors in which he progressively laid down the building blocks in his development edifice. His speeches to other audiences were extremely rare; for the most part he saved his fire for the annual meeting of the world's finance ministers. One early exception, however, was a major speech on the population problem delivered at Notre Dame University in the spring of 1969—and repeated in substance that fall to a gathering of Latin American leaders in Buenos Aires. While the reception was cool on the latter occasion, over time the Bank's new emphasis on population, both in lending programs and in its advice on development, came to be accepted; within a decade McNamara had earned the gratitude and support of most Third World leaders—including those of the great Catholic populations in Latin America.

Moreover, from the outset McNamara laid great stress on intensive personal

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visits, especially to developing countries. He regularly scheduled four such trips a year, lasting two to three weeks each, and in his first term these took him to over 50 countries, including virtually all the major recipients of past Bank loans, but with a special new emphasis on African countries.

Part of the object of these trips was simply to get to know the rulers of these countries and to let them know what sort of a man the new President of the World Bank was.[2] But while Mr. and Mrs. McNamara (who always accompanied him) had to accept a degree of ceremony, the visits stressed intensive discussions between McNamara and finance ministers and oter oficials, while his wife would visit the social services of the country—schools, hospitals, day nurseries, family health clinics and so on—enabling Mr. McNamara to cross-check what he was told statistically about the provision of basic needs to the poorest sections of the population. And the climax was almost always a final unstructured meeting with the head of government, when McNamara could sound out the president or prime minister on where he thought his state was going, how it fitted into the emerging world pattern, and where the World Bank could help.

All of this was important and educational. In Africa, where the need for help was greatest and where McNamara visited most assiduously, he had the most fruitful relations. There was mutual admiration, accompanied by plain speaking on both sides, in his exchanges with such leaders as Kaunda, Senghor, Nyerere and Kenyatta. McNamara did not talk statistics with such men, but ranged over political philosophy, poetry (with Senghor), and the long history of the African continent. Visiting Nigeria within weeks of the end of the Civil War, he made an impromptu speech to the Federal Cabinet drawing on the U.S. experience of binding up the wounds of fratricidal strife which moved several of the generals turned ministers to quite unsoldierly tears. To meet and talk with virtually all the leaders of the emergent world was in itself a unique education.

But, to those of us who watched him closely (and tried to keep up with him), the part of these trips that had the greatest impact on McNamara was the day or more which, from the first, he insisted be devoted to visits to the countryside well outside the cities. It was on these rural expeditions that McNamara came to the conclusion that poverty could never really be alleviated except by direct action at the small-holder level. This came to be the basis on which his poverty-oriented strategy was built.

For what McNamara saw was that the aid projects of earlier periods—including the capital investment stressed by the Bank in the Eugene Black era—had indeed operated to modernize, industrialize and create wealth in the modern sector, which usually meant the cities of the Third World. McNamara observed how much good had been done by these projects, but he also could see how rapid population growth had swallowed up the gains and how untouched in their poverty were those outside the modern sector, especially in the rural areas.

[2] In the early years, McNamara had to deal particularly with the stereotype that the American Secretary of Defense who had waged the Vietnam War must be a militant anti-communist. For example, General Suharto, the Indonesian leader who had come to power by a coup which involved the slaying of many Chinese communists, was anxious to prove his pro-Americanism and anti-communism by emphasizing these historic facts; when he finished Mr. McNamara asked him how he was proposing to integrate the Chinese into his state where their skills and hard work were so much needed.

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In effect, the new development philosophy which had emerged by about 1972 carried a step further the emphasis on population, agriculture and education which McNamara had stressed in 1968. By the time he spoke at the 1972 UNCTAD Conference in Santiago, McNamara was laying dominant stress on the "skewing of income" in the Third World, and on the plight of the "bottom 40 percent" of the population who did not contribute to development and were not touched by it. At Stockholm, in June the same year, he renewed the emphasis on their poverty as an objective in itself (while also rejecting the notion that essential economic growth need involve unacceptable environmental costs), and at his annual speech in the fall of 1972 he called bluntly for nations "to give greater priority to establishing growth targets in terms of essential human needs: in terms of nutrition, housing, health, literacy and employment—even if it be at the cost of some reduction in the pace of advance in certain narrow and highly privileged sectors whose benefits accrue to the few."

It was a pioneering statement of what became known as the "basic human needs" approach to development. Most of the elements in that approach had come to him initially from others; with the exception of his emphasis on population, McNamara was not truly an originator. But it was he who made the approach a reality, and was responsible for devoting an increasing share of the Bank's efforts to these new directions, using the enlarged resources and intellectual capacities he had created.

III

In late 1971 the Governors of the Bank (in effect the finance ministers of the world) began to consult about the possibility of a second five-year term for McNamara, or a change in command. (They knew that the Nixon Administration would be heavily preoccupied with its own reelection, and wished to have the matter resolved before the American political campaign reached fever pitch.) As they called for reports from the Executive Directors who represented them at the Bank headquarters they received somewhat mixed signals—the achievements were impressive but the risks were great and none of the finance ministers, not even of the Big Five who were the largest subscribers, had the comfortable feeling that they had any measure of control over the President they had somewhat reluctantly elected in 1968.[3] His achievements, tirelessly quantified in his annual speeches to them, could not be ignored. The immense increase in the Bank's lending, and in IDA credits, had been accomplished without impairing the Bank's credit rating or its ability to replenish IDA funds. And the cost of the greatly increased staff had been met out of gross profits without any diminution of net profits.

The staff had been reorganized so as to give a measure of autonomy to six regional Vice Presidents, of whom three dealt wholly or in part with Africa, which was replacing the Indian subcontinent as the main focus of World Bank activity. But the reports from the Executive Directors also noted that this devolution of action responsibility did not mean that anyone moved out of Washington, nor that the regional Vice Presidents escaped from the keen oversight of the President. The charge that the Bank's management was unduly centralized, even authoritarian, was (and remains) frequently heard,

[3] The so-called Big Five were (and are) the United States, the Federal Republic of Germany, Japan, France and the United Kingdom.

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both within the Bank and outside it; McNamara's answer was that only through such a style of management could the Bank operate coherently and effectively, especially in carrying out changed development strategies.

It was the feeling that McNamara was in total control of the Bank and beyond their control that most worried the 20 Executive Directors on the Board and the 117 Governors they represented. After the 1968 inaugural speech, several of the Executive Directors representing developed countries attempted to get McNamara to submit in advance to the Board his speeches to the annual meeting of Governors, on the grounds that they were policy statements and the Board was responsible for policy. But the President always firmly replied: "If you want to do that you will have to get yourselves a new President."[4]

Moreover, everyone was aware that there was a good deal of criticism both of the emerging poverty-oriented policy and of the increased size and power of the Bank. It came first of all from the old staff of the Bank who found themselves being hustled out of their customary rather leisurely perfectionism, and forced to deal with poverty and aid rather than with direct and visible forms of wealth creation and investment. In particular the "old colonial hands" (mostly British and French former civil servants), who had done excellent work on improving large-scale agriculture, found themselves involved in the unfamiliar and less congenial task of promoting small-holder farming. A number left, carrying home their complaints abut McNamara's inattention to the most profitable methods of farming.

Similarly the International Finance Corporation—the Bank's affiliate for partnership with private enterprise—found itself being pressed to seek out developmental projects (i.e., benefiting the poor masses) rather than more immediately profitable projects, and to deal with local enterprises (which were rare in Africa, for example, save in Nigeria) rather than with large multinational companies. When IFC's Executive Vice President left to return to private business, a number of his colleagues followed him, complaining that McNamara's Bank was biased against private enterprise. On its face this may have seemed a strange charge to bring against a man who had once been President of the Ford Motor Company; his answer, basically, was that the large private companies of the industrialized world did indeed have a significant role to play in the developing countries, but that it was the Bank's special task to seek to stimulate home-grown private enterprise there.

Among the industrialized countries, there were at this stage considerable differences of opinion. The Scandinavian countries (and the Dutch) strongly supported the new emphasis on poverty-oriented projects, and indeed their Executive Director on the Board regularly opposed any large-scale farming project on the grounds that it was not helping the poorest—to the intense and articulate fury of at least one of his Latin American colleagues. On the other hand, several of the OECD countries noticed that the poverty program was not helpful to their exports of capital goods. But the usual pattern of opinion in the capital-exporting countries was a division within their governments between the finance ministries, which were skeptical, and the aid and devel-

[4] In presenting McNamara with a volume of his collected speeches at his last Board Meeting in 1981, one Executive Director said: "We must recognize that these speeches would never have been made if we had succeeded in insisting on approving them in advance."

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opment ministries, which were generally supportive of a program aimed at the poorest.[5]

In its early stages the new poverty-oriented program of the Bank had been sharply criticized by many of the middle-income recipients of Bank loans—for example, the economic minister of Brazil told McNamara he wanted "to go for take-off or bust; when that is achieved we can worry about fairer shares." And, as we have noted, several countries, particularly in Latin America but also including the Philippines, initially objected to the Bank giving advice on social matters such as population control.[6]

But it was in the poorest countries that McNamara had—as might have been expected—made his greatest mark. His visits to such countries had almost always found him urging new and inexperienced governments to use Bank assistance for development programs that affected the mass of the people and not just the elite in the capital city. This advice was often initially resented since it was inevitably given first to that elite, but eventually, because finance ministers needed the aid, they accepted also the advice and gave their development program a twist toward helping the poorest.

Though the World Bank with its endless supervision missions, its demands for strict accounting and innumerable statistics has never been a popular institution in the developing world, its President by these visits did convince their troubled and often shaky governments that he was their friend who was really trying to use the World Bank's power to find them a better place in the world. Their representatives on the Bank Board gave him steady support, though at the United Nations the Third World diplomats regularly demanded a larger say in the policymaking of the World Bank and its sister institution, the International Monetary Fund.

Within the Bank, moreover, the Executive Directors—who saw him constantly and at close quarters—had by then become, for the most part, supporters of McNamara. Although there were occasions when some felt overwhelmed by his barrages of statistics, he went to great pains throughout not to let the Board become polarized between developed and developing countries and not to introduce any management resolution (whether a project or a policy) for which he had not already obtained a reasonable consensus from both groups. This meant that he had usually sounded out key Executive Directors with care, and the proposed action often reflected a compromise between what he himself thought ideal and what would command the necessary support.

Thus, in the soundings of late 1971, there emerged a strong consensus among the Executive Directors that he should be reappointed. This was done under the lead of two Executive Directors, representing developed and devel-

[5] The attitude of the Federal Republic of Germany, for example, became significantly more favorable under the influence of Egon Bahr as Development Minister. Although McNamara had developed excellent relations with many European leaders, such as Edward Heath, Valéry Giscard d'Estaing and Helmut Schmidt (the latter two then being finance ministers), he did not cultivate close links with their Establishments, which would have welcomed him with open arms, and listened to him with open minds. As a result he appeared in Europe, Japan and Australia as a rather remote, primarily American figure.

[6] At an early stage there had even been rumors, carefully circulated, that the Bank would refuse to lend to countries that did not accept McNamara's advice on population control; in time the record disproved the charge, but McNamara continued to insist that the consequences of rapid population growth were a matter that governments needed to take into account in making their sovereign decisions.

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oping countries. But there was one flaw in it: it did not include the United States.

For McNamara was in Washington, if not a prophet without honor, inevitably a controversial figure. His Vietnam years had left him with enemies in the Congress, and he had had to combat a tide of opposition to foreign aid, which had come to be associated not only with the interventionist liberal approach he represented but with foreign wars. In 1969 he had rallied to the side of Edward Kennedy after Chappaquiddick, and in the summer of 1971 the publication of the Pentagon Papers had revived memories of his Vietnam role in an especially personal and critical way. All this was grist for a press corps which had always tended to polarize toward him, with some who saw him as managing the news for his own benefit. The occasional stories told by disgruntled staff members of the Bank found a ready hearing in such press circles and among congressional aides imbued with the Vietnam controversy.

"The trouble with McNamara," a wise European Executive Director said at the time, "is that he is an insider fighting desperately to keep this Bank outside Washington politics." He was indeed an insider, consulted by leading political figures and sometimes, too conspicuously, by Henry Kissinger in the White House. But his efforts to use his experience as an insider to maintain the international status and independence of the Bank—and to maintain crucial congressional support, above all for IDA replenishments—took what seemed to many on the Bank staff an inordinate share of his time. To the three-quarters of the Bank staff who were not American, it often seemed that all their President cared about was getting American support, and that he was not very successful either on the Hill or with the Administration.

Certainly—and most to the point in terms of his reappointment—he had irritated many important leaders in the Nixon Administration. They had thought that, as an American, McNamara should be responsive to policy nudges, but over and over again he proved to be unnudgeable. In one notable case, when the Nixon people pressed for a cutoff of Bank aid to Chile after the Allende regime came to power in 1970, McNamara went out of his way to send a private message by the hand of Felipe Herrera, a Chilean who had been President of the Inter-American Development Bank, saying that the World Bank hoped to maintain relations with the new regime; the fact that this initiative failed was due to Allende's own colleagues on the extreme Left.

Thus, American support for a second term for McNamara was belated and grudging. Some of the Nixon staff had little interest in the presidency of the World Bank except as a patronage plum, and it was only after McNamara had talked directly to the President himself, who respected him, and after it had been discreetly made clear that a patronage-type appointment was out of the question, that the American government came around and accepted the reappointment, which was formally approved early in 1972. It was a harbinger of the difficulties that were to beset his later relations with American Administrations.

IV

McNamara began his second five-year term in April 1973. For a time all was clear sailing, and the September 1973 Annual Meeting in Nairobi—the first time that meeting had ever been held in Africa, and an appropriate token of the leading position that continent had assumed in the Bank's new programs—was a happy, almost a triumphal occasion.

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In his opening speech at Nairobi, McNamara coined the memorable phrase, "absolute poverty," defined broadly as "conditions of deprivation that fall below any rational definition of human decency," and made these conditions the explicit target of new poverty-oriented programs aimed not at relief but at development to be achieved by making the poor more productive. The phrase was also, in fact, his answer to those who were starting to contend that the developed nations could not afford the increased amounts he was asking because of the need to tend to the poorer elements in their own societies; these, he argued, indeed deserved attention, but their status, by comparison, was only one of "relative poverty."

His impassioned plea to help the "absolute poor" received an ovation not only from the unusually large number of Third Worlders in the audience, but from the Western financiers too. Many of the Western banks were beginning to be interested in investment in Africa, and were glad to see the World Bank adapting its traditional role of financing infrastructure to the needs of primarily peasant agricultural economies. These arguments were fortified by the presence in Nairobi of large African delegations who lobbied their ex-colonial masters in favor of McNamara. At the end of the meeting the IDA funds were replenished (after a brief last-minute holdout by the United States) at a substantially higher level than before. It was a vote of confidence in Robert McNamara and his handling of the Bank at the beginning of his second term.

But within a few weeks of the Nairobi meeting, the Middle East exploded once more into war; there followed the Arab oil boycott and a little later the quadrupling of world oil prices by OPEC. The political and economic consequences of this sudden ending of the myth of cheap energy were catastrophic for the industrialized North and the developing South alike.

For the South it at first appeared as a triumph that a few of their members had been able to wring out of the North a flow of resources tenfold the amount which had ever come by way of aid. The developing countries developed a new cohesion which expressed itself in the enlarged role of the Group of 77, and in concerted demands for a New International Economic Order. In particular, many of these nations came to believe that what OPEC had done for oil they could do for other commodities, and thus finance their development programs largely by trade rather than aid.

For the North the rise in oil prices meant periodic current account deficits, and a consequent recession that is continuing today. The industrialized countries felt (however unjustifiably) that they were being robbed by the South, and became increasingly unwilling to make additional voluntary payments to the robbers' associates in the South. The United States in particular was determined at that time to force down the price of oil, and to treat the OPEC countries and their associates as enemies.

When McNamara returned from his Christmas break on New Year's Day, 1974, he found on his desk a memorandum bleakly beginning: "After the quadrupling of oil prices last week things will never be the same again. We cannot expect a return to normality. . . ." There followed statistical summaries of the results that could be expected: the most hard-hit of all would be the poorest countries, which could neither cut back on their use of oil, nor afford the new costs, nor borrow on the open market. The most benefited would be those populous developing countries which were oil exporters (Nigeria, Indonesia, Venezuela, etc.) and so could use their new wealth for long-term development. For those oil exporters with small populations (Saudi Arabia,

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Kuwait, etc.—even Iran as it was then judged) there was a dilemma; they would inevitably build large surpluses, but should they keep them within bounds by leaving more oil in the ground, or should they keep up the flows of oil at the West's request—in which case where should they invest their billions of surplus dollars?

Without delay, but after numerous individual soundings, McNamara came to two decisions: the developing countries would need more external financing if their rate of growth was not to fall unacceptably and there could be only one source for that extra money—the capital-surplus oil producers. At the same time, the Bank's analyses did not support the view that the prices of other commodities would rise, or could be controlled, as oil had been; there was no new reordering of comparative prices in sight.[7]

Accordingly, by the beginning of February McNamara was in Tehran (with his colleague Johannes Witteveen, the Managing Director of the International Monetary Fund) talking about an OPEC fund for development. The Shah insisted that if OPEC put up a lot of money it must have a large say in its disposition; McNamara insisted that the money should be given for specific projects which would be processed by World Bank professional staff to World Bank standards. The agreement was that a large proportion of the funds should be provided by the capital-surplus OPEC countries; the voting power in the controlling body should be one-third each to OPEC, the developing countries and the industrialized Western countries; but the operations would be carried out by the existing World Bank staff.

It seemed to McNamara a good and logical way out of a desperate situation, and on his return he told the Board just what he had agreed, "of course subject to your approval." But he had reckoned without the determination of the Americans (by which he seemed genuinely surprised) to break the OPEC cartel and not to collaborate with it in any way. In the face of U.S. opposition the proposals sank without trace. It was a major setback for McNamara personally and for the hope of enlisting the oil-producing countries to assume a much larger share of the foreign aid responsibility. McNamara was never truly effective in approaching these newly rich countries; although he did manage to get more help from them over time—and in the process to increase their voice in the Bank's operations—the effort was never fully successful, and there remained constant strains between the oil producers and their major industrialized customers.

Things were indeed never going to be the same again. From 1974 to the present day the Bank has been riven by a struggle for power expressed mainly in financial terms. The development policy issues were more or less settled before that, and the poverty-oriented strategy was increasingly accepted by all parties. The Bank project staff and the Development Policy staff continued to refine the theory and practice of the strategy, eventually publishing a yearly "World Development Report" which became a guiding light for the development community around the world. The intellectual leadership and the financial clout of the Bank were clearly established, but with the industrialized world in recession, and growth in the developing world slowing to a standstill, the key question remained whether there should be a stepping up of the

[7] See, for example, the prescient article by two members of the Bank staff, Bension Varon and Kenji Takeuchi, "Developing Countries and Non-Fuel Minerals," *Foreign Affairs*, April 1974, pp. 497–510.

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resource flows to meet the needs of the Third World, or a slowing down of the flows to meet the felt need for economies in the industrialized world.

There was, in fact, something of a compromise: the middle-income countries (largely in South America) got loans from the international commercial banks, whose coffers were loaded with the deposits of the OPEC surpluses. But this was of no benefit to the poorer, less credit-worthy countries. McNamara's appeal was for these, and in his speeches, his conversations with finance ministers and in his dialogue within the Bank he continued to press the case for processing larger and larger amounts through the capable and effective hands of the World Bank.

During his period (May 1974 to January 1977) as Secretary of the U.S. Treasury, William Simon set himself up as the leader of the opposition to any sizable increase in Bank activity. This was partly because he passionately believed that any extra burden ought to be borne by the OPEC countries, whom he considered to be responsible for all the economic ills of the world; partly it was because he was a restrictive monetarist and partly it was a matter of institutional jealousy in that he felt the World Bank had become more powerful than the U.S. Treasury, and he wished to show who was master.

At first he tried to operate through the U.S. Executive Director on the Board, but soon found that on his home ground McNamara was unbeatable. Simon then tried to build a fence around McNamara by establishing a ministerial group of 20 (corresponding to the 20 seats on the Board) named the Development Committee. But this open demonstration of the American wish to control the Bank only led to the formation of rival groups seeking to exercise their own power. The Europeans, increasingly under German leadership, were one such group, and the developing countries in close alliance with the OPEC countries began to flex their muscles and ask for more power in the decision-making of the Bank. In such a situation it was easy for McNamara to remain independent and govern by consensus; but the open quarrel between "the largest shareholder" and the World Bank weakened both parties and boded ill for the future.

At first the advent of the Carter Administration in 1977 seemed to lighten the gloom. The White House leaked the information to the press that the President intended to double the miserably poor U.S. aid level, and subsequently the international organizations were told this on a more official basis. Only then did the Carter White House begin consultations with Congress, whose traditional distaste for "foreign aid" had been whetted by the previous Administration. The new Administration therefore decided to sweeten Congress by taking up one of Secretary Simon's pet peeves and promising to cut the salaries of the international staff of the Bank (and Fund).

There ensued an expensive 18 months' investigation, which revealed (ironically for an institution occasionally accused of lack of sympathy with private enterprise) that Bank and Fund salaries were comparable with those paid elsewhere in the world by public and private banking institutions, and rather below West European standards. Moreover, the money to pay the salaries came out of World Bank profits, not the American taxpayer's pocket, and was paid to a staff that was three-quarters non-American. Thus, the campaign had no positive results, but it did provide Congress and the Washington press corps with a great deal of ammunition for attacking the multilateral financial institutions. In consequence, their international staff, including the Executive Directors who reported back to the governments they represented, became

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convinced that the United States was determined to dominate or destroy the institutions.

The annual wrangles in Congress over the appropriation of funds for the World Bank strengthened these suspicions, for Congress regularly attempted to insert riders limiting the use of IDA funds to purposes which individual Congressmen approved (e.g., no funds for agricultural projects that competed with American agricultural exports). McNamara was absolutely firm that the Bank could not under its Charter accept such "tied" funds, and eventually a compromise was agreed whereby the American Executive Director would be instructed not to vote for such loans. Then the Carter Administration, under congressional mandates, acted to try and enforce its human rights policy by refusing to vote for loans to selected countries of whose regimes they disapproved. Again McNamara (who had a considerable regard for the objectives of the human rights policy) refused to bend the rules of the Bank, which stated that loans must be allocated solely on economic considerations. He had the full support of the Board, with the dismal result that the American Executive Director week after week refused to vote for loans (whether because they were in competition with American exports or because the regime was unacceptable was not stated) which were duly passed by an otherwise unanimous board.[8]

Yet the Bank's programs continued to grow. In McNamara's second five-year term, regular Bank loans increased from about $2 billion to over $6 billion annually, while IDA credits went from $1.3 billion to $2.3 billion. And the amounts dedicated to agriculture, education and population control—to all aspects of the human needs of the poorest people—continued to increase as a proportion of the totals. Despite the negative positions taken by the American government—under Simon toward the very expansion of programs, and under the Carter Administration toward specific loans to countries with human rights problems—McNamara's standing with the Carter Administration was generally high, and in 1977 his reappointment to a third term was affirmatively backed by the United States and went through with a minimum of friction.

But the tide of sentiment against increased aid to developing countries continued to grow; the United States in particular dropped its foreign aid proportion of GNP steadily to a level of only 0.2 percent, as against the U.N. target of 0.7 percent adopted in 1970, and other donor countries began to flag as well. In real terms, the Bank's operations were only barely keeping pace with the impact of global inflation, and as McNamara and others saw it were falling further and further below the levels actually needed. His response was the creation, in 1978, of a new commission headed by Willy Brandt, winner of the Nobel Peace Prize and former Chancellor of the Federal Republic of Germany; for the first time in the history of such commissions, this one included a full slate of representatives from developing countries. There were high hopes that its recommendations could lead to a new measure of under-

[8] Under the Bank's Charter, voting weight is determined by a nation's (or group of nations') share of capital. Technically, a simple majority is required for the approval of individual projects, with higher percentages required for such major actions as increases in capital, the admission of new members, or changes in the Articles. The U.S. share of capital, now slightly less than 21 percent, remains sufficient in practice to permit a veto on such major actions; as to loans, if U.S. objections are shared by any significant group of other nations, the result would be failure to achieve the necessary consensus by which the Bank actually operates. However, the U.S. objections described above failed to attract any other support—after a brief period in which the Germans and Japanese were sympathetic.

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standing of the basic common interest of both developed and developing countries in accelerating the pace of development.

But before the Commission could make its report, the issue of American efforts to select the Bank's beneficiaries came to a head in a particularly painful episode in the fall of 1979. The crisis arose, ironically, over Vietnam. Shortly after a united Vietnamese government had taken over the seat left vacant by the collapse of South Vietnam in 1975, the Bank had negotiated an agricultural loan to the country, which was in the midst of a famine area. It passed the Board with only the American Executive Director protesting. Further loans were in the planning stage when the Vietnamese invasion of Cambodia occurred, in September 1979. Unofficially but effectively, a freeze was imposed at this point, but that was not enough for Congress, at that moment debating the sixth replenishment of IDA.

All along, the responsibility for dealing directly with the American Congress had lain with the U.S. Treasury Department, which even when wholly supportive often lacked the drive necessary to be effective on the Hill. At the staff level, word was now conveyed to McNamara that only a personal assurance from him that there would be no further loans to Vietnam would prevent the defeat of the IDA replenishment bill. In circumstances of maximum confusion and haste, he was persuaded to sign a letter to the Chairman of the relevant House Committee to this effect, which of course was immediately made public.

Then the storm burst. The Bank's Board of Executive Directors—long disturbed by American attitudes—joined unanimously to protest both the bypassing of the Board and the clear breach of the established practice that the President of the Bank dealt only with the executive authorities of member governments; to them McNamara's action underlined the determination of the United States to politicize the multilateral institutions. The episode really shook the confidence of the Board in their chairman's capacity to defend them against what they perceived as a hostile America. To make matters far worse, even after McNamara's personal reassurance Congress did not appropriate new funds for IDA and did not do so during the remainder of his term of office.

Moreover, all these apparent efforts by the United States to call the tune for the Bank inevitably intensified counter-efforts by other groups, in particular the group of developing countries at the United Nations and at UNCTAD (the Group of 77). There was constant but ineffective pressure to get the Bank to conform to the New International Economic Order, and demands that the voting structure of the Bank should be tilted somewhat away from the traditional donors, and more toward the recipients. For many years McNamara fended off these demands by sheer force of personality, explaining to individual developing country governments, and to groups of their ambassadors at the United Nations, how he was using the Bank for its proper purpose, which was the development of member countries. He won the confidence of the great majority of developing-country governments, but not always of their representatives in New York or Geneva, where there was a constant struggle to use their majority vote in U.N. bodies to seize the commanding heights of the global economy.

In 1979 this campaign took a new turn. The Group of 77 at the United Nations held their own ministerial meeting in Belgrade just before the annual meeting of the Bank and IMF. It was significant that most of their demands

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for change were addressed to the Fund, with the Bank being asked only to do more of what it was already doing. But on this occasion the OPEC countries, anxious to match their muscle power with America's, insisted on pressing a demand that the Palestine Liberation Organization should be an observer at the Bank/Fund meeting (it had already been admitted to such status in the U.N. General Assembly and several other U.N. bodies).

At the 1979 Annual Meeting, the issue was finessed by a ruling from a Chairman responsive to the American viewpoint. But the demand remained on the table and by the summer of 1980 it seemed clear that a new and less responsive Chairman might rule differently at the September 1980 Annual Meeting.

Having the PLO in an observer status would not have had real significance in terms of affecting the Bank's operations. But it would have been a red flag to powerful elements in the U.S. Congress, and in McNamara's judgment could have been fatal to the passage of several Bank appropriations that required congressional approval. Accordingly, in the late summer of 1980 he intervened forcefully to obtain a favorable quorum of the Bank's Executive Directors, which put the issue off to the future. The action, foreseeably, called down on his head the obloquy of the Arabs and of the developing countries generally.

Already, in June 1980, McNamara had come to the conclusion that he should not seek to serve out a full third five-year term, and had announced that he would retire at the end of June 1981. It was a decision based on his conviction that 13 years was long enough for any man to occupy the post. That the squabble over the PLO cast a shadow over his last annual meeting as President was tragic—but it was hardly fortuitous. McNamara's diplomacy was intended to maintain his independence and that of his institution, whether from pressures of America, or the Big Five on the Board, or of the United Nations or of OPEC. He had visited the Arab OPEC countries and had found some true partners in development—for instance Abdlatif Al-Hamad of Kuwait—but, though he wished to increase the voting power of the Arab OPEC countries more than the Board would agree to, he did not wish to be pressured by anyone on an extraneous political issue. A more sinuous diplomat might have extricated himself from this imbroglio—but it would not have been the Robert McNamara to whom, in the event, warm tributes were paid at that farewell meeting by Arabs and Africans, Europeans and Asians.

v

These episodes—and the running conflict with the American government from which they largely stemmed—darkened the last years of McNamara's tenure. It was a paradox that they should have happened to a man so quintessentially American in his whole character and outlook (who, to take only a small example, speaks no language but English). The dangers of political interference with the Bank, which he combatted so vigorously, will doubtless remain to torment his American successor—whose selection in the fall of 1980, in the middle of the American presidential campaign, was McNamara's last successful effort at dealing with the American government: the candidate he urged, A.W. Clausen, had such generally recognized qualifications that, when nominated by President Carter, his appointment was immediately endorsed by the about-to-be-elected President Reagan.

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But, if astute political handling of major governments remains essential for any President of the World Bank, its basic problems run far deeper. By the time of that 1980 annual meeting, the Brandt Commission had made its report, which included not only immediate recommendations for dealing with the pressing major problems of food, energy, and monetary arrangements, but a long-term framework for a world development agency drawing on the contributions of developed countries on a fixed basis that would assure a high level of aid flows. But the world, and especially the key developed countries, was not ready to rally even to the short-term actions called for, while to many the longer term framework seemed visionary. This was not true of McNamara, who saw in the report a first blueprint of what he believed would have to come to pass in the decade of the 1990s—although he had reservations about the wisdom of outlining that ideally just world to which the developing countries aspire. McNamara was a pragmatic idealist, and he recognized that a great leap forward for the Third World was impracticable at this moment and likely to frighten off serious supporters of sustainable development.

True to his belief that power—whether in an individual or an institution—is there to be used to the full, not "wrapped in a napkin," McNamara had become determined to use his last year as President to the fullest. Accordingly he directed his final annual speech in the fall of 1980 not only to the lessons of his tenure but to his own vision of the scale of effort required.

At that farewell meeting McNamara distilled the wisdom he had gained about development:

> The principal goals of development . . . are: to accelerate economic growth, and to eradicate what I have termed absolute proverty.
>
> The two goals are intrinsically related, though governments are often tempted to pursue one without adequate attention to the other. But from a development point of view that approach always fails in the end. The pursuit of growth without a reasonable concern for equity is ultimately socially destabilizing, and often violently so. And the pursuit of equity without a reasonable concern for growth merely tends to redistribute economic stagnation.
>
> Any successful effort to combat poverty would have to do two basic things:
> — assist the poor to increase their productivity; and
> — assure their access to essential public services.
>
> Development is clearly not simply economic progress measured in terms of gross national product. It is something much more basic. It is essentially human development; that is, the individual's realization of his or her own inherent potential.

That was what he had fought for as President of the World Bank. But as he looked around the world in 1980 he saw that the problem of implementing that policy was becoming far more difficult and costly.[9]

Typically, instead of scaling down his program to suit the requirements of the recession-struck industrialized world, he raised his sights enormously to meet the desperate needs of the poorest and to prevent the gains in development from being lost in a global economic downward spiral. At present it seems very doubtful that his pleas will be heeded—he had finally spent all his power.

[9] A perceptive analysis of the Bank's current problems, and of major criticisms of it, will be found in Robert L. Ayres, "Breaking the Bank," *Foreign Policy*, Summer 1981, pp. 104–120.

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Throughout his 13 years at the Bank he was always aware that his plans could not succeed without the political will of the major economies to build a more equitable world order. He passionately believed that it was well within the capacity of the existing Western market system in partnership with the developing countries to achieve the goals he put foward—for instance the abolition of absolute poverty.

He was perhaps insufficiently aware of the aspirations of many Third World leaders because he was so conscious of the desperation of the absolutely poor, and he was not prepared to accept the Third World view that World Bank assistance was insecure because it depended so much on his continued leadership. Yet it seems likely that the developing countries were right to distrust a source of assistance that was ultimately dependent on the whims of Congress, and that McNamara was wrong in that historic instruction in April 1968 to plan "as if there were no financial constraints." In his mind, cold logic and burning conviction combined to convince him that it was in the clear interest and well within the power of the industrialized world to assist effectively the developing countries in their struggle against the downward spiral of poverty. And if this could be done, his Americanism convinced him that the United States would take the lead, so that he never sought to fashion an alternative leadership based on Europe.

At the beginning of the 1980s, after the second oil shock, the political will for development had begun to evaporate fast in both Britain and the United States, which had been the twin pillars of the World Bank. Just at this moment, the need for its assistance was redoubled by the entry of a billion Chinese into its membership, and by the realization (largely through World Bank reports) that Africa, the least developed and poorest continent, was making no progress and was, indeed, on the edge of economic disaster. If this was the result of a decade of the World Bank's special attention to the poorest, it was asked, should not some other strategy be tried? Certainly there was little effective support for the outgoing Bank President's plea for a further increase in Bank funding. Yet the problems of Africa and Asia will not go away, but will face his successor and the world community even more starkly.

Robert McNamara believed that lifting people out of absolute poverty was the foundation on which development must be built. He acted on the assumption that it was a correct use of his power to create in the World Bank a machine that if used to the full could lead many poor countries to end absolute poverty in their midst while building a reasonable level of development. There are many of us who believe that the creation of that machine was his finest achievement, and that if it is not used, soon and fully, it will be a historic blunder, which may shatter the possibility of creating a planetary order that can accommodate six billion people by the end of this century.

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COMMENT AND CORRESPONDENCE

ETHNIC POLITICS

To the Editor:

Senator Charles McC. Mathias, Jr., in his article "Ethnic Groups and Foreign Policy" in your Summer 1981 issue, argues that "the decision-making as well as the decisions of the Truman Administration leading to the recognition of Israel stand as a paradigm of Middle East policymaking over the three decades following." Thus it is of some importance that the Senator's presentation of the "facts" behind the Truman Administration's actions concerning the creation of a Jewish state be accurate. Unfortunately, this is not the case.

For example, to bolster his argument that President Truman "came down repeatedly on the side of political advisers who warned of the risk of alienating Jewish voters," Senator Mathias claims that the President "first officially endorsed the creation of a Jewish state in Palestine on October 4, 1946, the day of Yom Kippur, and one month before the congressional election." In fact, in his Yom Kippur statement on Palestine, the President merely observed that a solution along the lines suggested by the Jewish Agency (i.e., partition), "*would command the support of public opinion in the United States*" (emphasis added). Eliahu Epstein, the Jewish Agency's representative in Washington, was one of the few individuals at the time who understood Truman's position on Palestine. In a letter to the American Zionist leader, Nahum Goldmann, Epstein wrote: "After the publication of the statement, I found it necessary to frankly express to our friend [David Niles, the President's Adviser on Minority Affairs and a strong supporter of the Zionist cause] disappointment over some parts of it. . . ." Recognizing that the President had not endorsed the Jewish Agency's partition plan, but instead had called for the "bridging" of that plan with proposals for the cantonization of Palestine as suggested by a joint Anglo-American commission, Epstein correctly noted that "not a single newspaper has pointed up this part of the statement and all the headlines carried by the papers read 'Truman's Support of a Jewish State.'"[1] Clearly, if Truman had intended to gear his remarks primarily toward domestic political opinion, a stronger statement, one supporting what was a highly popular cause, would have been forthcoming.

To further "document" Truman's political pattern of action on matters relating to Palestine, Senator Mathias describes a meeting held in the White House on May 12, 1948, at which time American recognition of a Jewish state was discussed. According to Senator Mathias, at the meeting "Clark Clifford, then Special Counsel to the President, argued, against the State Department, the electoral advantages of prompt recognition." In fact, the domestic political issue was raised by those State Department representatives present who *opposed* immediate recognition, not by Clark Clifford and others calling for such recognition. According to the official State Department record of this meeting, Mr. Clifford argued that there was a need to promptly recognize the Jewish

[1] Eliahu Epstein to Nahum Goldmann, October 9, 1946, Papers of Chaim Weizmann, Harry S Truman Library.

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state once the mandate ended on May 14. He "said such a move should be taken quickly before the Soviet Union recognized the Jewish State. It would have distinct value in restoring the President's position for support of the partition of Palestine."[2] Mr. Clifford's major concern was national security, i.e., the Russian threat, not domestic politics.

Prior to the May 12 session, President Truman's intention of acting on the basis of other than domestic political considerations was documented in a letter he sent to Congressman Arthur Klein one week earlier. To Klein, the President wrote: "As far as I am concerned, I don't think there has ever been any more lobbying and pulling and hauling than has been carried on by the Jews in the Palestine difficulty with which we have been faced. I have no objections to their lobbying—neither have I any objections to the Arabs doing so if they feel like it, but, in neither case does it affect my decision or judgment."[3] A week earlier, the President had told a State Department official that he "did not wish to approach the [Palestine] matter from the point of view of personal political considerations but wished to get the matter settled."[4]

Senator Mathias' criticism of the so-called Israel lobby for attempting to influence the direction of American foreign policy in the Middle East in a manner not consonant with the national interests of the United States rests on an inaccurate representation of history. Since 1948, Israel has been America's most consistent friend and reliable ally in the Middle East. The national interests of the United States have, for 33 years, been advanced by the Jewish state. Senator Mathias himself admits, "I know of few members of either house of Congress who do not believe deeply and strongly that support of Israel is both a moral duty and a national interest of the United States." That interest is based upon a common perception of a common enemy—Soviet expansionism. Supporters of Israel in this country—organizationally and individually—have correctly done their best to point this out; it is too bad that Senator Mathias has failed to grasp this most basic reality.

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Formerly a professor of political science, Mr. Abramson is the author of a doctoral dissertation entitled, *The Formulation of American Foreign Policy Towards the Middle East During the Truman Administration, 1945–1948.*

To the Editor:

As a "hyphenated American" accused of political actions "proven harmful to the national interest," I take strong exception to the article by Senator Charles McC. Mathias, Jr. on ethnic groups and foreign policy. Actions "harmful to the national interest" are simply defined by Senator Mathias as any effort by American citizens which are not in the spirit of "détente" and may prove embarrassing to the Soviet Union. In his blind devotion to the

[2] United States Department of State, *Foreign Relations of the United States*, 1948, Volume V, Part 2, pp. 972–76.

[3] Harry S Truman to Congressman Klein, May 5, 1948, Office Files, Harry S Truman Library.

[4] United States Department of State, *Foreign Relations of the United States*, 1948, Volume V, Part 2, pp. 877–79.

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already discredited policy, the Senator not only maliciously maligns the ethnic community but also questions the integrity of the Congress of the United States. Once again, in the name of "national interest" opposing views are discredited by irrelevant quotations and highly disputable logic.

The Senator fails to recognize that the ethnic groups do stand for American national interests, and these are defined as a strong United States and a weak Soviet Union. The ethnic also stands for "the American tradition of support for self-determination of peoples." The Senator approves of the principle for South Africa but not for Eastern Europe. He argues that for the sake of peace, enslavement of Eastern Europe is a small price to pay; therefore the East European ethnic has no "substantial merit" in his protestations. The truth of the matter, which the Senator will not admit, is that if the United States and the West had supported the principle of self-determination, espoused during the Wilson era, Eastern Europe would not be enslaved today. Instead as Jacob Beam, U.S. Ambassador to the Soviet Union (1969–73), has stated: "From a moral point of view, the fate of Eastern Europe, with that of the overrun of the Baltic States, remains World War II's most monstrous legacy."[1] This legacy was created for expediency after World War II when Western Europe was rescued from one tyrant, but Eastern Europe delivered to another. The noble principle of self-determination was sacrificed and the "spheres of influence" were born and made sacred. The concept had unmistakable similarities to the "spheres of influence" established by the Stalin-Hitler friendship pact of 1939, which divided up Eastern Europe between the two.

To the embarrassment of some Americans, the concept of self-determination reemerged not only in the East European ethnic groups but also in the United Nations, where black Africa expressed its desire to shed white imperialism. Most Africans obtained their independence—East Europeans did not. When the opportunity came to change the legacy during the revolts in Hungary (1956) and Czechoslovakia (1968), to the bitter disappointment of most ethnics in the United States and millions of East Europeans, the West did not challenge the hegemony of the Soviet empire. The lack of challenge was not due to the unacceptable risks of confrontation, as the Senator declares, but rather to an unwillingness to defy the immoral and unjust policy of the "spheres of influence" agreed upon at Yalta. No qualms were experienced when confronting the Soviet Union in Korea, Cuba and Vietnam.

To its credit, the Congress of the United States has recognized "the substantial merit" of the East European cause and has spoken out in declaring a "Captive Nations Week" and passed such resolutions as those condemning the illegal occupation and annexation of the Baltic states into the Soviet Union. These resolutions were not "churned out" along with the National Hot Dog Month. The recently formed Ad Hoc Congressional Committee for the Baltic States and the Ukraine was not created necessarily to liberate the Baltic States and the Ukraine, but rather to call attention to the fact that an injustice has been committed and take steps to alleviate that injustice as much as it can.

The problems of the modern world are not beyond the comprehension of the ethnic, and his role should not be relegated, as Senator Mathias suggests, to that of a folk dancer in some national costume. If his voice had been heard, there would have been no trucks made at Kama River to carry the Red Army

[1] *The Wall Street Journal*, July 24, 1974.

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into Afghanistan, there would be no massive high-technology transfer to aid the Soviet military, there would be no grain sales to the Soviet Union so that their resources can fully attend their arms buildup.

The ethnic does understand the realities of the world, more than Senator Mathias gives him credit for. He is also willing to learn; now, if the Senator would also learn from the ethnic!

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To the Editor:

Senator Charles McC. Mathias, Jr.'s article in the Summer 1981 issue is a courageous and timely evaluation of the widely known, but seldom publicly discussed phenomenon of ethnic group influence on U.S. foreign policy. Rediscovering the traditional thesis that the national interest is more than the sum of special interest demands, the Senator cautions against ethnic preemption of the greater good in this nation's external relations.

Apparently, Senator Mathias is not nostalgic for the Wasp era in foreign policymaking which passed with Dean Acheson and John Foster Dulles. Clearly, Senator Mathias accepts and welcomes the contribution of ethnic diversity to American life. More important, he believes that some ethnic group demands have intrinsic merit and thus deserve a place in foreign policy along with strategic, economic, political and moral elements derived from other sources.

Typical of American pluralists, Senator Mathias does not offer a state theory to contain his understanding of pluralism and public policy. Consequently, he relies heavily on Edmund Burke's advice that elected representatives have a responsibility to use their own judgments of the public good rather than to cater to opinion and voters. Citing Greek American and Jewish American pressures on Congress, Senator Mathias gives ample evidence of how Congressmen, mindful of rewards and punishments, have taken the easy path. Himself the target of a character attack based on a voting controversy, Senator Mathias well knows the risks of independence. Something might have been said about White House receptivity to ethnic demands and inducements relating to Israel and American electoral politics during the Johnson and Nixon years. Senator Mathias properly considers the President the critical figure in the defense of the national interest from undue concessions by elected leaders to ethnic pressures or quests for support in the American system. Although Woodrow Wilson is cited as a national interest guardian who withstood Irish American demands, the Senator has understandable difficulty in locating a model President. Why not Dwight Eisenhower?

Government resistance to ethnic group considerations may be aided by divisions within the ethnic community. Disunity among Irish Americans over the Irish Republican Army has helped the American, British and Irish governments. Senator Mathias holds up the "Four Horsemen" of Irish heritage—Senators Kennedy and Moynihan, House Speaker O'Neill, and New York Governor Carey—as exemplary leaders because of their anti-IRA stance, restraint in pressing their case, and unwillingness to exploit Irish issues to their advantage. Would Senator Mathias be concerned if the Big Four and the Sinn

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Fein-oriented Irish lobbies secured a broader and sharper presidential statement on Northern Ireland than the Carter statement of August 1977 to which the two lobbies contributed?

The exercise of ethnic group self-restraint out of consideration for trans-ethnic aspects of national interest is a prominent Mathias proposal. The American public has been experiencing the defense of the Baghdad raid by Jewish organizations and their continuing offensive against the Saudi AWACS deal at a time when the executive branch has condemned the Israeli attack using U.S.-built planes. In this perspective, many Americans have reason to doubt that voluntary self-control for reasons transcending ethnicity can be relied upon in the case of the leading American ethnic group operating in the foreign policy-making process.

Senator Mathias is under no illusion that new legislative regulation of foreign agents would recover lost ground or prevent policymaking from slipping further out of control of the government. Possibly there may be another way. While discussing Greek American lobbying following Turkish aggression in Cyprus, Senator Mathias describes the counter-movement that later lifted the arms embargo which Congress had forced on the White House. Although the embargo damaged Turkish-NATO relations, the episode shows the possibilities for corrective reaction. Conceivably, the final history of the Jackson-Vanik Amendment will show an outcome similar to that of the Turkish arms embargo. But no one should count on it.

What can be depended on is inherent state power, provided that other risk-taking elected leaders join Senator Mathias and mine this resource. Inherent state power can be exploited regardless of one's political philosophy to build breakwaters against the further erosion of the government's determination of the national interest in foreign policy. Recruits to this cause could find strength in the thought that serving powerful interest groups of any kind is only part of the officeholder's responsibility, even in the competitive and pluralist United States.

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To the Editor:

I enjoyed Senator Mathias' article on ethnic groups and foreign policy. His analysis of the interaction between ethnic groups and the foreign policy-making establishment was well thought out and pleasantly unemotional. It provides a needed, if brief, update to Lawrence H. Fuchs' seminal work in this area.

Despite the general soundness of his discussion, there is room for a small criticism in regard to the Senator's treatment of the Jewish community's efforts to influence American foreign policy. The author begins the sixth section of his article by recounting Steven D. Isaacs' assertion that fear is the primary motivating factor behind the Jews' high level of political activity. While this is no doubt true, the Senator, utilizing Isaacs' analysis, mistakenly traces the origins of this anxiety to the pogroms of the late nineteenth and early twentieth centuries. Unfortunately, the roots of anti-Jewish feeling extend back much further than the horrors of the last 100 years. Perhaps the

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biblical Haman can be viewed as the progenitor of anti-Semitism. Or perhaps the pharaohs of ancient Egypt. Those of a more secular nature might prefer to point to post-biblical individuals and events. At the very least, the advent of the Diaspora combined with the rise of Christianity would no doubt satisfy most as to the beginning of widespread hostility toward the Jewish people.

There are those who would argue that it makes little difference whether one measures anti-Semitism as a 100-year rather than a 2,000-year phenomenon. While I see some merit in this argument, I would nevertheless maintain that the sheer weight of the centuries has left an indelible impact on the Jewish psyche. In the words of Israel Zangwill, the nineteenth-century Anglo-Jewish author, "The Jews are a frightened people. Nineteen centuries of Christian love have broken down their nerves."

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Senator Mathias replies:

The widespread reaction to my article, "Ethnic Groups and Foreign Policy," which these letters—both pro and con—reflect suggests that it raised issues of legitimate public concern, which merit dispassionate discussion. I welcome the critical comment as much as the supportive comment. In our society the dialectical process has been known to produce miracles.

VOA: INFORMATION VERSUS "BOILER PLATE"

To the Editor:

While attention to the subject is welcome, more questions are raised than answered by Kenneth Adelman's article on public diplomacy in your Spring 1981 issue and the exchange in the next issue between Mr. Adelman and Kim Elliott.

First, Mr. Adelman neglects to define clearly the term "public diplomacy." Is it international political communication, embracing information, statements of political policy, psychological warfare and propaganda—or is it simply a euphemism for the last two of these? A perceptive Foreign Service Information Officer wrote in the *Foreign Service Journal* a few years ago that "in the absence of a convincing and logically consistent explanation of what public diplomacy is, those who practice it risk being regarded as propagandists—in the worst sense of the word—on the one hand, or on the other hand as people engaged in an undertaking of questionable utility which fulfills no demonstrated need and lacks any legitimate purpose."[1] While one can appreciate the difficulty of trying to devise a pithy and acceptable term for the government's international information activities, "public diplomacy" is particularly vulnerable because it sounds pretentious. Moreover, it seems particularly inappropriate when applied to international radio broadcasts that concentrate on news and news-related fare. Finally, since ours is an open

[1] Kenneth Wimmel, "What is Public Diplomacy?," *Foreign Service Journal*, October 1978, pp. 31–44.

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society, we cannot have one terminology for ourselves and another for the rest of the world. Before using "public diplomacy" as though it were universally understood, it could be a useful and revealing exercise to try translating it into a variety of other languages, including non-Western ones.

Though I am in agreement with Mr. Elliott that the Adelman approach is rooted in outdated communications theory, I do not believe that research into the "uses and gratifications" of target audiences—which Mr. Elliott favors—would have much practical impact on Voice of America broadcasts. First, the audiences VOA is most anxious to reach—notably in Russia, China and Eastern Europe—are simply not accessible for research purposes. Second, research in countries VOA addresses in a regional language—such as Spanish to Latin America or Arabic to the Middle East—is unlikely to have much impact on broadcast content when the studies are conducted over time, country by country, as budget and political climate permit. In addition, most language broadcasts are based upon centrally prepared English-language news copy and scripts. Very little is originated in the vernaculars. Thus, even the most informative research study on a given country is unlikely to be viewed as applicable to central scripts intended for translation into 39 languages.

Certainly, any scheme to enrich the audience-research diet and its budget must consider whether the research can influence operations. Light is needed where the priorities are highest, not where the research can be conducted with greatest ease and in the greatest depth. Of those denied areas mentioned, least is known about VOA's potentially vast Chinese mainland audience. USICA and State Department officers in the field—in Beijing for instance—could contribute much more than they do to the flow of useful information and feedback to VOA. The needs of the broadcaster for the most elementary data on audiences—optimum times to reach them, gaps in their knowledge about the United States, and changes in local communications environments—are poorly met. This kind of basic research for VOA—virtually abandoned under former USICA Director John Reinhardt—could indeed be given a much-needed shot in the arm by a Reagan Administration bent on upgrading VOA.

But, more basically, neither Mr. Adelman nor Mr. Elliott penetrates sufficiently below the surface in analyzing VOA and its actual and potential role in furthering U.S. policy objectives. Conditioned by traditions of free speech and commercial broadcasting at home, Americans seem uncertain and ambivalent in charting a course for their government's peacetime radio propaganda. Since World War II a debate has surfaced periodically between proponents of a hard line, who insist that VOA dutifully serve U.S. taxpayers as an "official U.S. government spokesman," and moderates who would put distance between VOA and any "government gazette" image.

So far, hard-headed realism has won every round. The concept of VOA being an efficient instrument of foreign policy has common sense appeal, while a less "official" VOA is perceived as contributing to confusion. In fact, the reverse may be true. VOA broadcasts around the clock. At least half of its air time is devoted to news and topical material. Consistent with its charter, VOA strives to report the news accurately, objectively and comprehensively. To be competitive, the news also has to be timely. Such heavy emphasis on news and information leads audiences to expect that an "official voice" will promptly clarify U.S. foreign policy positions as issues arise and are in the news.

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The difficulty is that the U.S. foreign policy position can only be provided by the State Department, which even on relatively simple questions is not geared to produce persuasive "instant" statements of policy. And when the broadcaster attempts to fill the void with cautiously worded generalities—known to practitioners as "boiler plate"—the perceptive listener is bound to find the result disappointing and may attribute its use to low interest, dissembling or U.S. complicity.

Thus, as an official voice, VOA is undoubtedly more a purveyor of policy boiler plate of its own manufacture than of a sophisticated and thought-through foreign policy line. And even when the State Department does issue a brief official position for general consumption, its amplification in a VOA commentary may risk oversimplification of a complex issue, especially when transmitted in the vernacular to audiences with primary interest in the issue.

In short, as communicators the State Department and VOA are clearly mismatched; the two operate on different frequencies. Mr. Adelman is optimistic that traditional diplomacy can be retooled to better serve international information activities. But U.S. diplomats have to play the game according to long-standing rules. It is not a game of solitaire. No matter how skilled the President in communication or willing the Secretary of State, it is doubtful that the traditional diplomat can ever perform in a manner that is satisfactory to his public counterpart. I am not suggesting he should.

When the U.S. Congress voted the VOA charter into law in 1976, reference to VOA as the official voice of the U.S. government was omitted. Some saw this as significant. Yet Congress has never explained in detail what it expects of an international broadcasting operation in peacetime. My own view is that VOA might serve America and the government better if its voice had a small "v." In peacetime, the task of a U.S. international broadcaster like VOA should be information, not something called public diplomacy.

A VOA with a small "v" should rely more upon experts outside of government to background news events. Policy boiler plate should be reduced to a bare minimum, and any use of VOA for "policy" purposes ought to be reserved for those times when the need truly exists. Radio's strong suit is disseminating information, not changing minds. A key point so often neglected by those who demand that VOA pound out the policy line in war or peace is simple: the listener has the final say. He—or she—can always turn off the set.

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ISRAEL AND WESTERN SECURITY

To the Editor:

In his article, "Peacemaking in the Middle East: The Next Step" (in your Spring issue), Shai Feldman's submissions about the contribution that Israel might make to the defense of Western interests in the Gulf region have to be viewed in the context of his general thesis, which is that Israel's security can be enhanced, if not wholly guaranteed, by enmeshing her in an extension of the NATO alliance to the Middle East. This in turn will facilitate the setting

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up of a Palestinian state in the West Bank and Gaza, thereby (or so it is hoped) solving the Palestinian problem. While the idea has a certain attraction, it is open to objection on more than one count.

First, however, a small matter of historical interpretation. Mr. Feldman writes, apropos of the need for Egypt to restore her relationship with the other Arab states: "Her ability to establish her former position of leadership in the Arab world requires that she champion the Palestinian cause with no less enthusiasm than her chief competitors." As a matter of record, Egypt has never been as *engagé* in the Palestinian issue as have some of the other Arab states. Up to 1956 President Gamal Abdel Nasser virtually ignored it. His concern, and that of his fellow officers in the military junta, was with the humiliation suffered by Egyptian arms at Israeli hands in 1948, and with the corruption and misgovernment in Egypt under the Wafd which had helped bring about that humiliation (the arms scandal and so forth). The Suez War of 1956 opened President Nasser's eyes to the possibility of using the cause of Palestinian irredentism as a means of promoting Egypt's leadership of the Arab world (i.e., within the Arab "circle" of the three "circles"—Arab, Islamic and African—which he identified in *The Philosophy of the Revolution* as constituting Egypt's natural spheres of influence).

Israel was looked upon as the enemy, not so much because she had dispossessed the Palestinians of their homeland as because she had thrice defeated the Egyptian army in the field and, after 1967, remained in occupation of Egyptian territory (the Sinai peninsula). What was true under President Nasser has been even more so under President Anwar el-Sadat. Egypt's support for the Palestine Liberation Organization, compared with that of several other Arab states, has been minimal. (For instance, she has not allowed the PLO to operate from Egyptian soil.) For President Sadat now to embrace the PLO and the concept of a West Bank/Gaza state with all due fervor, as a means of resuming the leadership of the Arab world, would be to go against everything he has done since 1973. If Egypt wishes to be the leader of the Arab world, she will be; for her assets and attributes are such that her preeminence cannot be gainsaid. She does not need the pretext of championing the Palestinian cause to demonstrate the validity of her title to that role. Mr. Feldman's misconception on this score vitiates much of the argument that he subsequently erects upon this premise.

To try to bring Israel into a Western alliance system for the defense of the Gulf would raise a number of unnecessary problems which would assuredly outweigh any benefits that her inclusion might confer. Mr. Feldman does not address these problems but confines himself to the West Bank component in his thesis. Nowhere in his article does there appear any mention of Islam or of the religious dimension in relations between Israel and the states of Arabia. Yet the religious antagonism which is a crucial factor in these relations (the Saudi state, for instance, derives its legitimacy from its religious basis) presents the principal and overriding obstacle to the implementation of his proposal.

It is one thing for the United States and its NATO allies to be viewed in the eyes of the Sunni and Shi'a world as Christian, and therefore unfriendly, powers: this is impediment enough. But it is quite another for the NATO allies to bring into their plans for the security of the Gulf a state founded upon the principle of Jewish nationhood. Jews are assigned an inferior status in the Islamic order, to be accorded toleration so long as they do not challenge the Muslim dispensation. Not only have the Jews of Israel offended against

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the Islamic order by rejecting this status but they have compounded their sin in Muslim eyes by usurping part of the *dar al-Islam* and converting it into a Jewish state. It is this which has outraged Muslim sensibilities, not the plight of the Palestinians, whose fate is not of overweening concern to the Gulf states or Saudi Arabia. The Palestine question is not central to the preoccupations of these states—however much ritual rodomontade their rulers feel compelled, out of a sense of political prudence, to utter on the subject. To them, championing the establishment of a Palestinian state in the West Bank and Gaza represents two political objectives: to help diminish the threat to their own rule which they apprehend from the presence of large numbers of Palestinians in their countries; and to set in motion what they hope will be the first step in the dismantlement of the state of Israel and the recovery of that portion of the *dar al-Islam* which has been lost. It would be asking a great deal, therefore, to expect them to accept the participation of Israel in the defense of the Gulf—especially when they are not even prepared to accept the active participation of the United States in such an undertaking.

To argue thus is not to suggest that Israel could not make a substantial contribution to the protection of Western interests in the Gulf region. She is, after all, the only Middle Eastern power apart from Turkey upon which the United States can rely. But the case that Mr. Feldman makes for Israel's support is weak on several counts, and especially in the discussion of the so-called Rapid Reaction Force. He introduces his argument with a loaded proposition: "For example, if the Soviets were to begin an invasion of the Persian Gulf, operations could be staged from Israel to hit chokepoints in the Soviet advance." This is far from a "for example" situation. If the Soviet Union began an outright offensive in the Gulf, it would lift the crisis to an entirely different plane, perhaps even that of global conflict, in which event the NATO powers would not feel constrained by regard for Arab or Muslim susceptibilities but would use whatever facilities, Israeli or other, they could lay their hands upon.

Mr. Feldman is equally wide of the target in citing General Yariv in support of his argument. Yariv was speaking of much less critical contingencies than a Soviet invasion: for example, an eruption of violence in the Hasa oilfields which the Saudi government was unable to contain, or an uprising against a ruling house, say in Kuwait. What Mr. Feldman might more usefully have discussed was where this Rapid Reaction Force was to be based. Does he mean, by quoting Yariv, to imply that the General was advocating its location in Israel? Alternatively, was General Yariv suggesting, by his remark in the passage quoted by Mr. Feldman on p. 766 ("by early arrival on the scene—possibly in concert with a force supplied by a local partner"), that Israeli forces should cooperate with U.S. or NATO Rapid Deployment Forces? If so, then the proposal is open to the objections outlined above.

The most immediate problem in the Gulf is that of countering possible internal subversion in Saudi Arabia and the minor states. Whether or not this can be achieved by stationing a U.S. or NATO force in the area is a valid question for debate. But if the purpose of introducing a Western military force is to promote stability in the area, as well as to be on hand to intervene promptly in the event of an emergency, then it is only reasonable to stipulate that the force should be stationed in the Arabian peninsula itself. (Even Mr. Feldman is opposed, though primarily for domestic reasons, to the location of the force in Israel.)

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A further argument advanced by Mr. Feldman is that "Israel could provide 'real time' intelligence on domestic developments in the region." I don't know what "real time" means, but I doubt very much that Israel, with all due respect to the excellence of her intelligence services, could provide any great body of intelligence about the region. Does she have a network of agents in place in Arabia? Or are the Gulf and the Arabian peninsula places where, for obvious reasons, it is difficult for Israeli intelligence to operate? Wouldn't the United States herself, or Britain, for example, be in a better position to accumulate information about what goes on in the peninsula?

Finally, to return to the major objection which has been lodged here to Mr. Feldman's proposal, viz., that it would unnecessarily offend Muslim sentiment in the Gulf, the implementation of the proposal might also have unfortunate repercussions upon U. S. and NATO relations with Turkey, which is a Muslim power, and with Iran, which is pathologically suspicious of anything the United States might do in the Gulf, and which would regard the active enlistment of Israel in the Western defense of the area as yet another blow against the integrity of Shi'a Islam.

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PALESTINIAN STATEHOOD AND MIDDLE EAST REALITIES

To the Editor:

One might wonder if Walid Khalidi's article, "Regiopolitics: Toward a U.S. Policy on the Palestinian Problem," in your Summer issue is so bent on solving that problem that it ignores reality. Mr. Khalidi advocates a higher awareness of the Palestinian problem by the Reagan Administration (an admirable goal), a sovereign Palestinian state and guarantees for the state of Israel. But how he gets there from the current reality is a mystery.

First, Mr. Khalidi assumes the solution to be a "sovereign Palestinian state on the West Bank, in the Gaza Strip, and in East Jerusalem in coexistence with Israel. . . . " But what will the Palestinians concede? The author assumes that "New Palestine" will include East Jerusalem. But it is not realistic to assume from present evidence that Israel will ever value a settlement of the Palestinian problem over the unification of the city under Israeli control. Israel is, more than any nation in the world, founded on a dream, a moral vision. A united Jerusalem is an integral part of that dream. One might as well ask Saudi Arabia to part with a section of Mecca.

Second, any negotiated solution to the Palestinian problem must include Israel. Yet, while admitting the need for the Arab states to declare explicitly that Israel legitimately exists, he does not call on the Palestine Liberation Organization to recognize Israel's right to exist, even within the 1967 borders. If it is irrational for Israel to refuse to negotiate with the PLO because it uses terror, then it is just as irrational to expect Israel to negotiate with a group which refuses to acknowledge her sovereignty or right to exist. Indeed, it is unreasonable to expect *any* nation to agree to negotiations in which the legitimacy of its sovereignty could be called into question.

Third, in his advocacy of a greater emphasis on "regiopolitics," Mr. Khalidi

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ignores some of the more traditional geopolitical concerns. He proposes that the Soviet Union assume the role of co-guarantor with the United States of the eventual settlement. Even assuming that the United States and the U.S.S.R. could agree both internally and externally to do this, and that the Middle Eastern nations would agree to something that so resembled superpower neocolonialism, the introduction of such a scheme creates several additional sources of conflict.

- Under such a system, a conflict between the United States and the U.S.S.R. that normally would not lead to a military confrontation might do so in that volatile region. Conversely, a regional conflict in the Middle East might spill over into a larger Soviet-American dispute.
- Formal guarantor relationships, while increasing American influence in the region, would also add to Soviet influence there, increasing the likelihood that issues not germane to the Middle East would nonetheless inhibit the peace process.
- Such an arrangement would almost certainly lead to attempts by one or both of the superpowers to create a more structured "sphere of influence" system.
- A formal guarantor relationship might well lead to a more intensive "clientization" of the Middle Eastern nations, with potentially disastrous results for the oil-importing countries.

Mr. Khalidi is correct when he states that the Reagan Administration will never achieve a "strategic consensus" in the region without first addressing the Palestinian issue. Indeed, solving that problem might well enhance the probability that a regional arrangement to resist Soviet expansion could be created. But the solutions which he proposes are worse than the problems, and the Palestinian problem will never be solved without a closer examination of reality.

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RECENT BOOKS ON INTERNATIONAL RELATIONS

Edited by Lucy Edwards Despard

General: Political and Legal

John C. Campbell

THE STATE. Edited by Stephen R. Graubard. New York: Norton, 1981, 183 pp. $14.95.

Stephen Graubard, editor of *Daedalus*, judged the time ripe for a reassessment of the state as a political-social institution and as primary actor in world affairs, and his chosen authors responded with a set of stimulating, often original articles ranging across a broad field of constitutional, ethical and political subjects. The conventional wisdom that the nation-state has outlived its time and may in the end destroy us all still has much evidence to support it, but none of these authors nor anyone else has discovered a practical alternative.

THE INDEPENDENCE OF NATIONS. By David Fromkin. New York: Praeger, 1981, 160 pp.

The self-interest of independent nations, an international lawyer argues, is the central fact of world politics, and neither the revolution in communications, the rise of the multinational corporation, nor academic theories of interdependence have changed it. He has some sharp things to say about the blindness of Western governments since World War I and knocks down a number of straw men. The ultimate chances for peace lie in uniting the world or escaping from it; the short-term recipe is the maintenance of the balance of power and the intelligent pursuit of the national interest.

UNDERSTANDING CONFLICT AND WAR. VOL. V.: THE JUST PEACE. By R.J. Rummel. Beverly Hills: Sage, 1981, 320 pp. $22.50.

The final volume of a massive study of conflict and peace by an American political scientist. The general approach is Wilsonian (although not so described by the author), stressing the concepts of individual freedom, national self-determination, sovereign equality, representative government, control of violence, social contract (national and international), and a strengthened international peacekeeping organization. For the most part it is an exposition of principles with little guidance on how to move toward a just peace in the disordered and violence-prone world of today.

IMPROVING COMPLIANCE WITH INTERNATIONAL LAW. By Roger Fisher. Charlottesville: University Press of Virginia, 1981, 370 pp. $20.00.

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MANAGING THE RISKS OF INTERNATIONAL AGREEMENT. By Richard B. Bilder. Madison: University of Wisconsin Press, 1981, 302 pp. $22.50.

Roger Fisher has been a pioneer in the field of negotiation and crisis management. Here he applies his techniques to the subject of compliance with international law, taking the emphasis off sanctions and coercion and putting it on what may be practical and possible in the light of the known patterns of the behavior of governments. An innovator and optimist, he looks ahead a decade or so to describe and define processes and legal arrangements that may or may not work. Bilder's approach and arguments are in some ways comparable to Fisher's. He lists and analyzes ways in which the risks of non-compliance may be minimized; if the lessons are well learned, it should be easier for diplomats to conclude treaties and reach agreements in the first place. Having served in the State Department, Bilder is able to draw on recent cases and negotiations to illustrate his points.

U.S. FOREIGN POLICY AND THE LAW OF THE SEA. By Ann L. Hollick. Princeton: Princeton University Press, 1981, 495 pp. $32.50 (paper, $15.00).

Territorial waters, navigation, fishing rights, seabed resources and other aquatic items constitute the subject matter for an emerging comprehensive U.S. policy over the years since World War II, and also the agenda for the three U.N. conferences on the Law of the Sea, the third one still without conclusion. Ann Hollick, from her painstaking research and from personal involvement in recent years, knows the whole story very well, and her book is the best published account we have. She is both critical and fair in treating the course of the international negotiations and the politics of these issues within the U.S. government.

L'ONU ET LA CORÉE. By Marie-Françoise Labouz. Paris: Publications Universitaires de Paris, 1981, 382 pp.

A closely reasoned study of how the U.N. Charter was distorted (but not necessarily violated) by the use of legal fictions when the U.N.'s major organs took cognizance of the Korean question after World War II, responded to the North Korean military action of 1950, and maintained responsibilities for many years thereafter. Not concerned with international politics as such, it is a specialized study of theory and practice written for the legal fraternity.

THE INTERNATIONAL LABOR ORGANIZATION: AN AMERICAN VIEW. By Walter Galenson. Madison: University of Wisconsin Press, 1981, 351 pp. $21.50 (paper, $7.75).

Written with an insider's knowledge and an outsider's objectivity, this survey by a Cornell professor gives a full picture of the ILO's history, structure and problems. The most compelling chapters are those in which he describes the U.S. decision to withdraw, which he finds long in gestation and perfectly justified, and the decision to return, which he finds premature.

LA LÍNEA DE LA DISTENSION. By Jorge Fuentes. Madrid: Huertas, 1980, 270 pp.

A Spanish diplomat who participated in the entire course of CSCE from Geneva to Helsinki to Belgrade (his book went to press before the meeting in Madrid) chronicles the negotiations and places them in the context of Europe's age-old search for security. For the most part the story is familiar, but he adds

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some interesting points, especially in describing the policies and tactics by which Spain used the conference to aid its emergence from the relative isolation of the Franco era.

General: Military, Technological, and Scientific

Andrew J. Pierre

NATIONAL DEFENSE. By James Fallows. New York: Random House, 1981, 204 pp. $12.95.

What is fresh about this book is not its central thesis—that much of defense spending is wasted—for that is a charge that has been around for years. Rather, it is the detailed accounts of the bureaucratic fumbling involved in the development of such weapons as the M-16 rifle and the F-16 fighter. By favoring more complex and expensive weapons and loading them up with "state-of-the-art" techniques to satisfy various constituencies within the Pentagon and the defense industry, we have in the end bought less effectiveness for more dollars. There is much common sense in this book which cuts through the fog that often engulfs defense issues, the work of an intelligent writer who was not beclouded by too much knowledge of the subject when he started.

THE BAROQUE ARSENAL. By Mary Kaldor. New York: Hill and Wang, 1981, 234 pp. $13.95.

"Modern military technology is not advanced," Mary Kaldor writes on the first page; "it is decadent." This theme pervades a book which sees weapons, rather than their users or the incentives for acquisition, as the culprit. Today's overly sophisticated arms are viewed as remote from military and economic reality: they are often incapable of achieving even limited military objectives, and they erode the economies of the United States and other nations—both arms producers and buyers. Many will find this perspective overly simple and apolitical, but the author's intellectual verve and courage are to be admired.

MX: PRESCRIPTION FOR DISASTER. By Herbert Scoville, Jr. Cambridge: MIT Press, 1981, 220 pp. $15.00 (paper, $6.95).

Probably the most critical weapons decision facing the United States during the 1980s is whether to deploy the MX, and with which basing mode, or what an alternate response might be to the perceived vulnerability of our land-based strategic systems. This important and timely book contains a highly knowledgeable analysis of the entire issue, presented in a straightforward manner designed to be widely read. The author, a respected former CIA and ACDA official, believes that a land-based MX would be "a prescription for disaster"; his preference is for a sea-based alternative consisting of a large number of mini-submarines carrying two ballistic missiles each, deployed in the coastal waters of the United States. This volume is a singular contribution to the current debate; it should be of considerable utility to specialists and laymen alike.

THE RAPID DEPLOYMENT FORCE AND U.S. MILITARY INTERVENTION IN THE PERSIAN GULF. By Jeffrey Record. Cambridge: Institute for Foreign Policy Analysis, 1981, 82 pp. $7.50.

The RDF, according to this expert, is "a fatally flawed military instrument

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for the preservation of uninterrupted U.S. access to vital Persian Gulf oil—the principal rationale underlying the force." It is improperly equipped for desert warfare, suffers from inadequate strategic and tactical mobility, and is plagued by a confused and divided command apparatus stemming from an unusually vicious interservice rivalry. Record proposes its replacement by a small, agile, tactically capable intervention force based at and supplied from the sea, equipped with lightweight armored fighting vehicles and placed under the command of the Marine Corps, which by virtue of its traditions and capabilities is "the only service suitable for the mission." This is a trenchant, if contentious, analysis of a difficult problem which has received much superficial attention but little creative thought.

THE SECRETARY OF DEFENSE. By Douglas Kinnard. Lexington: University of Kentucky Press, 1981, 252 pp. $19.50.

By examining in considerable detail the manner in which five "pivotal" Secretaries—Forrestal, Wilson, McNamara, Laird and Schlesinger—pursued their tasks, Douglas Kinnard has written an incisive analysis of the position of Secretary of Defense. Each of them set different priorities and goals; e.g., McNamara concentrated on introducing centralized managerial techniques while Schlesinger focused on improving the United States' strategic situation. Each also operated in a different political milieu and with a different set of high-level relationships, including involvement with the President. Two continuities, however, are the central role of the defense budget in determining policy and the relative decline in influence of the senior military on major issues. An intelligent and skillfully written interpretive history.

THE COMMON SECURITY INTERESTS OF JAPAN, THE UNITED STATES AND NATO. By the Joint Working Group of the Atlantic Council of the United States and the Research Institute for Peace and Security, Tokyo. Cambridge: Ballinger, 1981, 232 pp. $19.50.

CREATING THE ENTANGLING ALLIANCE: THE ORIGINS OF THE NORTH ATLANTIC TREATY ORGANIZATION. By Timothy P. Ireland. Westport (Conn.): Greenwood Press, 1981, 245 pp. $27.50.

NATO AFTER THIRTY YEARS. Edited by Lawrence S. Kaplan and Robert W. Clawson. Wilmington (Del.): Scholarly Resources, 1981, 265 pp. $19.95 (paper, $8.95).

The most original and significant of these books on the Atlantic Alliance is the first. Bringing together a group of Japanese and American experts, it seeks to identify the common concerns of Asian, European and American security. The broadened global horizon of the Japanese is the most interesting dimension, although the Japanese-American link and dialogue remains, understandably, far stronger than the Japanese-European connection. Timothy Ireland's work is a historical treatise which makes the point that the original American planning regarding NATO envisioned a coalition of strengthened European states as a balance to Soviet power. Only after the creation of the Alliance and the start of the Korean War did it become clear that the United States would have to establish a more permanent military presence in Europe. The Kaplan-Clawson book consists of yet another series of conference papers which are too wide-ranging to be of more than routine importance.

NOT BY WAR ALONE: SECURITY AND ARMS CONTROL IN THE MIDDLE EAST. By Paul Jabber. Berkeley: University of California Press, 1981, 224 pp. $18.50.

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Two books in one, both of considerable value. The core of the book is a case study of the Tripartite Declaration of May 1950 whereby the United States, Britain and France agreed to a coordinated approach on limiting arms transfers into the Middle East. It collapsed in 1955 as the Soviet Union began supplying arms to Egypt. This historical section is based on original research and is excellent. Shorter sections deal with current aspects of potential arms control in the Arab-Israeli conflict. This is a difficult subject, to which Jabber brings both imagination and realism, and which badly needs more extensive attention.

ARMS CONTROL II. Edited by John H. Barton and Ryukichi Imai. Cambridge: Oelgeschlager, 1981, 328 pp. $27.50.
NEW DIRECTIONS IN DISARMAMENT. Edited by William Epstein and Bernard T. Feld. New York: Praeger, 1981, 222 pp.
NUCLEAR PROLIFERATION: BREAKING THE CHAIN. Edited by George H. Quester. Madison: University of Wisconsin Press, 1981, 245 pp. $20.00 (paper, $6.95).

The first two of these volumes purport to present new approaches to arms control. The Barton-Imai book does this best, even if it is not what the title suggests; for this is a Japanese-American symposium concentrating on Asian security concerns. It is, nevertheless, done very well, and there are some unusual contributions, such as the chapter on Japanese political attitudes and economic incentives regarding arms transfers. The emphasis on regional arms control opportunities, rather than universal ones, is to be welcomed and emulated in other regions. The Epstein-Feld volume is the result of a 1980 Pugwash meeting. Although it is sound in addressing approaches such as confidence-building measures and a cut-off of production of fissionable materials, it does not break much new ground. *Nuclear Proliferation* consists of a series of essays of high quality, with an emphasis on political considerations, first published in the Winter 1980 issue of *International Organization.*

HIROSHIMA AND NAGASAKI: THE PHYSICAL, MEDICAL, AND SOCIAL EFFECTS OF THE ATOMIC BOMBINGS. By the Committee for the Compilation of Materials on Damage Caused by the Atomic Bombs. New York: Basic Books, 1981, 706 pp. $37.50

Coming 36 years after the world's first and fortunately only atomic bombings, this is likely to be the definitive scientific report. Prepared by a group of Japanese physicists, physicians and scientists, it examines not only the immediate damage caused by the bomb—wounds, fatalities and physical destruction—but the longer-term genetic, medical, social and psychological effects. In almost every respect the damages are apparently more serious and long-lasting than earlier studies had indicated. This is a chilling reminder of the effects of nuclear war, not lacking contemporary significance.

INTERNATIONAL COOPERATION IN NUCLEAR ENERGY. By Joseph A. Yager. Washington: Brookings, 1981, 226 pp. $17.95 (paper, $7.95).
THE NUCLEAR POWER DEBATE. By Scott Fenn. New York: Praeger, 1981, 199 pp.

The Yager volume presents sensible, if not wholly original, ideas to help cope with nuclear proliferation, such as assuring the availability of nuclear fuel at acceptable prices so as to forestall reprocessing and multinational storage of spent fuel. New international institutions are suggested but the difficulties in achieving them are realistically taken into account. The Fenn

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book reviews the economic, political and technological uncertainties which are plaguing the nuclear power industry in the United States. It foresees—perhaps wrongly, given the Reagan Administration's generally pro-nuclear stance—a continuation of cancellations in the construction of nuclear plants as utility companies confront reduced demand for electricity, financial difficulties, and stricter safety regulations.

THE ATOM BESIEGED: EXTRAPARLIAMENTARY DISSENT IN FRANCE AND GERMANY. By Dorothy Nelkin and Michael Pollak. Cambridge: MIT Press, 1981, 235 pp. $17.50.

This work examines the opposition to nuclear power in France and West Germany, which the authors see as broadly based and widespread. The basic fear which accounts for the vehemence of the opposition is, they believe, that nuclear power is fundamentally altering the makeup of society. Traditional political structures—parliaments, political parties, unions—have not been adequately responsive. The authors contend that decisions are made by government and the nuclear industry rather than by the affected constituencies through the democratic process. Yet in Germany, at least, the protest movement, raising questions of legitimacy and constitutional principle, imposed a moratorium on nuclear power development. There was no similar consequence in France under Giscard d'Estaing. This is ascribed by the authors to the fact that the French dismiss protest movements—a ubiquitous feature of their political culture—as resistance to change or the result of ignorance of matters only the state can judge. An interesting subject, handled well.

SOVEREIGNTY FOR SALE. By Rodney Carlisle. Annapolis: Naval Institute Press, 1981, 296 pp. $19.95.

There are many reasons why merchant ships have sailed under "flags of convenience": to smuggle liquor and bypass legal controls during Prohibition, to supply allies and circumvent U.S. neutrality laws during World War II, and, in recent decades, to escape high taxes and labor rates. Panama was for long the favorite flag of convenience; now Liberia, strongly encouraged by the United States, has become the foremost. This lively and thorough investigation of a little-understood phenomenon makes it clear that the practice of foreign registry raises troublesome questions about "effective control" of ships and responsibility for cargo, which are potentially grave in an era of large supertanker fleets, oil spills and sensitive international relationships.

General: Economic and Social

William Diebold, Jr.

BANKS AND THE BALANCE OF PAYMENTS: PRIVATE LENDING IN THE INTERNATIONAL ADJUSTMENT PROCESS. Edited by Benjamin Cohen with Fabio Basagni. Montclair (N.J.): Allanheld, Osmun (for the Atlantic Institute for International Affairs), 1981, 241 pp. $31.50.

This excellent study shows how the tremendous expansion of private lending has altered international financial and monetary relations. There are ten illuminating case studies but the main strength is the demonstration of the resulting problems (as well as benefits) for debtors, creditors, governments and international organizations. Proposals for improving policy and cooperation

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are realistically analyzed, which means that the prospects of their adoption are modest.

THE FINANCING OF FOREIGN DIRECT INVESTMENT. By Martin G. Gilman. New York: St. Martin's, 1981, 173 pp. $25.00.

The integrated world capital market that analysts speak of is not to be found in the behavior of businessmen from the mid-1960s to the late 1970s. They treated all foreign currencies as riskier than domestic financing, according to this original work. But the situation may well have changed, warns the author, who works for the OECD.

THE POLITICAL ECONOMY OF INTERNATIONAL FINANCE. By Eugène Versluysen. New York: St. Martin's, 1981, 266 pp. $25.00.

Not as sweeping as its title, this is a good study of the changing character of the different kinds of Euromarkets. With clear descriptions of how things work, the author's favorable judgment of the value of the new methods does not diminish his worry about new crises in the offing. His discussion of possible reforms clarifies more than it persuades.

TRAITÉ D'ÉCONOMIE FINANCIÈRE. By Henri Neuman. Paris: Presses Universitaires de France, 1980, 364 pp.

What starts as a thorough-going treatise by a Belgian professor on forms of investment blossoms into a lively discussion of how to finance innovation, as well as a useful account of government corporations in Western Europe and how government agencies encourage private investment in developing countries.

THE EUROPEAN COMMUNITY AND ITS MEDITERRANEAN ENLARGEMENT. By Loukas Tsoukalis. Winchester (Mass.): Allen & Unwin, 1981, 273 pp. $37.50 (paper, $16.95).

This first-rate study comprises a comparative analysis of the economies of Spain, Portugal and Greece, an account of their relations with the EEC, and a discussion of the advantages and difficulties of their membership. The author, who is based in Oxford and London, provides a good deal of information and independent, balanced assessments of some troublesome points.

RENEGOTIATIONS IN INTERNATIONAL BUSINESS TRANSACTIONS. By William A. Stoever. Lexington (Mass.): Lexington Books, 1981, 380 pp. $27.95.

Pacta sunt servanda may still be good international law, but international business contracts are challenged and changed with some frequency, especially by governments. Zambian copper, ITT in Chile, Indonesian oil and Kuwaiti real estate development in North Carolina do not lend themselves to much generalization, but Professor Stoever of Rutgers analyzes these cases most systematically, in the hope of easing future renegotiations (not preventing them).

SOVREMENNYE BURZHUAZNYE KONTSEPTSII MIROVOGO KAPITALISTICHESKOGO KHOZJAISTVA. Edited by M.M. Maksimova and others. Moscow: Mysl, 1980, 371 pp. Rubles 1.50.

Soviet economists headed by the redoubtable Maksimova describe how their Western counterparts interpret the international economics of the capitalist world in its present state of crisis—trade, payments, investment, trans-

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national corporations, regional integration, North-South relations, theories of international order and models for the future. For the most part they let the bourgeois schools of thought contend with each other, but periodically they provide a salutary dose of Marxist-Leninist scientific truth.

J.C.C.

INTERDEPENDENCE AND CONFLICTS IN THE WORLD ECONOMY. By Mihaly Simai. Alphen aam den Rijn (Netherlands): Sijthoff/Budapest: Akademiai Kiado, 1980, 220 pp.

In this comprehensive study, Professor Simai of Budapest deals very realistically with the tension between economic interdependence and the conduct of national economies, and with the differences between intergovernmental cooperation and truly global approaches. A study of Hungarian adaptation, cooperation among the socialist countries, and probable structural changes in the world economy over the rest of the century are other high points of this valuable book.

EQUALITY, THE THIRD WORLD, AND ECONOMIC DELUSION. By P.T. Bauer. Cambridge: Harvard University Press, 1981, 312 pp. $17.50.

For quite a long time now, Professor Bauer of London has been issuing stimulating, serious polemical challenges to many of the ideas that have dominated discussions of economic development. This book is one of his best, with papers on equality, poverty, aid, population, commodities, colonialism, investment and the state of economics. Like many committed fighters, Bauer frequently does less than justice to his opponents, but his main weakness is to answer oversimplifications with generalizations. Thus when he takes on the "hydra-headed rationalization" for foreign aid he produces a hydra-headed refutation that leaves us with two mythological beasts instead of one.

ENERGY STRATEGIES FOR DEVELOPING NATIONS. By Joy Dunkerley and others. Baltimore: Johns Hopkins (for Resources for the Future), 1981, 265 pp. $24.00 (paper, $9.50).

Faced with the diversity of developing countries, four experts from Resources for the Future have done an admirable job of showing what the short-run and, especially, long-run energy issues and possibilities are.

ARAMCO, THE UNITED STATES, AND SAUDI ARABIA: A STUDY OF THE DYNAMICS OF FOREIGN OIL POLICY, 1933–1950. By Irvine H. Anderson. Princeton: Princeton University Press, 1981, 259 pp. $18.50.

What would the oil history of the 1970s have been like if the U.S. government had been a major owner of ARAMCO and a British-American government cartel had controlled production in the Middle East? How close these two possibilities were and why they were not realized is a major part of the story in this clearly written and quite objective study. Based largely on archives and interviews, it corrects some widely believed errors about the interplay of oil companies, politicians and bureaucrats.

THE WORLD CHALLENGE: OPEC AND THE NEW GLOBAL ORDER. By Jean-Jacques Servan-Schreiber. New York: Simon and Schuster, 1981, 384 pp. $14.95.

The French politician and journalist believes that OPEC will force the industrial countries to transfer the most advanced technologies to the developing countries and that Japan has detailed plans for becoming a computer

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society. Europe and North America should follow both leads because that way they can avoid economic catastrophe and let the developing countries skip over the slower stages of growth. Unfortunately, there is less hard analysis to sustain these challenging ideas than exhortation, dramatization and somewhat personalized history.

THE GROUP OF 77: EVOLUTION, STRUCTURE, ORGANIZATION. By Karl P. Sauvant. Dobbs Ferry (N.Y.): Oceana, 1981, 256 pp. $22.50.

With more than 120 members, the so-called Group of 77 has become a key factor in orchestrating the campaign of developing countries for a New International Economic Order. As a U.N. official, Mr. Sauvant cannot be expected to deal with the most interesting political questions that could be asked about these activities, but he has provided a valuable, detailed account of the history and organization of the Group. There is a good collection of documents.

BASIC NEEDS AND DEVELOPMENT. Edited by Danny M. Leipziger. Cambridge: Oelgeschlager, 1981, 223 pp. $25.00.

Five authors with development experience throw a good deal of light on the problems and possibilities of giving a central place in development to "securing access to minimum levels of consumption" for all.

ASIA AND THE NEW INTERNATIONAL ECONOMIC ORDER. Edited by Jorge A. Lozoya and A.K. Bhattacharya. Elmsford (N.Y.): Pergamon Press (for UNITAR/CEESTEM), 1981, 220 pp. $20.00.

POLITICAL AND INSTITUTIONAL ISSUES OF THE NEW INTERNATIONAL ECONOMIC ORDER. Edited by Ervin Laszlo and Joel Kurtzman. Elmsford (N.Y.): Pergamon Press (for UNITAR/CEESTEM), 1981, 183 pp. $20.00.

The most useful essays in the Asian volume are those that cover the approach to the NIEO of Japan, China, India, South Korea, Indonesia, Australia and ASEAN. The other volume's mixed bag includes sovereignty, nationalization, the seabed, and administration and research.

The United States

Gaddis Smith

THE PURPOSES OF AMERICAN POWER: AN ESSAY ON NATIONAL SECURITY. By Robert W. Tucker. New York: Praeger, 1981, 190 pp. $12.00 (paper, $5.95). A Lehrman Institute Book.

A thoughtful and prolific commentator argues that American security interests are the same today as they were in the late 1940s: a balance of military power against the Soviet Union, and close ties with a prosperous Western Europe and Japan. The key to maintaining security is to reassert Western control over the Persian Gulf. Otherwise, "the Soviet Union . . . could dispose of Western Europe's economic life." Tucker believes that the decline of American power, largely self-induced, can be reversed and a successful policy of "limited containment" reestablished.

STRATEGIES FOR THE 1980s: LESSONS OF CUBA, VIETNAM AND AFGHANISTAN. By Philip van Slyck. Westport (Conn.): Greenwood Press, 1981, 108 pp. $19.95. A Freedom House Book.

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A call for an end to self-doubt and for a revival of national determination to meet the challenge of Soviet expansionism through greater defense spending and more intelligent leadership both of the American public and allied nations. A trendy tract for the times, absurdly overpriced.

NEW RULES: SEARCHING FOR SELF-FULFILLMENT IN A WORLD TURNED UPSIDE DOWN. By Daniel Yankelovich. New York: Random House, 1981, 278 pp. $15.95.

The prominent poll-taker and social analyst describes how the dominant norms of American society have shifted from self-denial to self-fulfillment, and how this is related to the era of economic expansion which is now ending. He bases his thesis one-third on life histories derived from interviews, one-third on survey data, and one-third on intuition. His intuition and optimism suggest that a third set of norms devoted to a better community life is emerging. Let us hope.

SETTING NATIONAL PRIORITIES: THE 1982 BUDGET. Edited by Joseph A. Pechman. Washington: Brookings, 1981, 275 pp. $19.95 (paper, $7.95).

For 12 years there has been no better introductory analysis of the proposed federal budget and its implications than this Brookings annual. This year's effort is clear, cogent and especially important given the sharp break from the past which President Reagan supports. The chapter by William W. Kaufmann on defense is particularly informative.

THE NEW CONGRESS: Edited by Thomas E. Mann and Norman J. Ornstein. Washington: American Enterprise Institute, 1981, 400 pp.
THE GROWING POWER OF CONGRESS. Edited by David M. Abshire and Ralph D. Nurnberger. Beverly Hills: Sage, 1981, 320 pp. $18.50.

Two examples of the growing literature by political scientists on the substantial changes which have taken place within Congress and in the relationship of Congress to the Executive since the 1960s. The Mann-Ornstein volume is by far the better: the research is deeper, the writing better, and the context broader. The Abshire-Nurnberger book, focusing more narrowly on Congress vs. the President, has been somewhat overtaken by events, as the editors themselves implicitly admit.

GOVERNING AMERICA. By Joseph A. Califano, Jr. New York: Simon and Schuster, 1981, 474 pp. $16.95.

A first-rate account of the author's tenure as Secretary of Health, Education and Welfare in the Carter Administration. Avoiding generalities, he describes that Department's achievements and failures in specific detail and does not shrink from criticizing the President.

JAVITS: THE AUTOBIOGRAPHY OF A PUBLIC MAN. By Senator Jacob K. Javits with Rafael Steinberg. Boston: Houghton Mifflin, 1981, 528 pp. $16.95.

A candid autobiography which conveys Senator Javits' zest for politics while acknowledging the strains which his career imposed on his private life. There is interesting material here on Vietnam, Watergate and the Middle East.

THE DECLASSIFIED EISENHOWER. By Blanche Wiesen Cook. New York: Doubleday, 1981, 432 pp. $17.95.

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An interesting but uneven discussion of Eisenhower's considerable political skill (about which broad historical agreement is developing) combined with a detailed and critical case study of his Administration's intervention in Guatemala.

WASHINGTON DESPATCHES, 1941–45: WEEKLY POLITICAL REPORTS FROM THE BRITISH EMBASSY. Edited by H.G. Nicholas. Chicago: University of Chicago Press, 1981, 700 pp. $40.00.

The principal author of the British Embassy's weekly reports to London on political events and opinion in wartime America was Isaiah Berlin, who contributes an introduction. The dispatches are a perceptive, readable diary of America at war as seen through British eyes. Recommended for anyone who wishes to capture or recapture the mood in Washington in those years.

THE ROAD TO NUREMBERG. By Bradley F. Smith. New York: Basic Books, 1981, 303 pp. $14.95.

An excellent, well-documented monograph on the clash of ideas, personalities and bureaucracies which produced the eventual Anglo-American agreement on the principles governing the trial of Nazi leaders. Although most of the book deals with the American side, the author makes good use of the British sources.

THE UNITED STATES, GREAT BRITAIN AND THE COLD WAR, 1944–1947. By Terry H. Anderson. Columbia: University of Missouri Press, 1981, 256 pp. $18.00.

The evaporation of British power in the past 30 years has blinded many historians to the importance of Britain's role at the onset of the cold war. This study, using newly opened sources, is a corrective. The author traces the evolution of American policy from mediating between Great Britain and the Soviet Union to adopting an essentially British policy of containment.

THE ADVERSARIES: AMERICA, RUSSIA AND THE OPEN WORLD, 1941–1962. By Michael Balfour. Boston: Routledge & Kegan Paul, 1981, 259 pp. $25.00.

A densely argued and episodic search for a unifying theme for the international history of the two middle decades of this century. The author, a British historian and sometime government official, admires the achievement of the United States in establishing economic and political freedom over half the world. That achievement encountered the intractable and dangerous opposition of the Soviet Union—thus, the cold war.

The Western Hemisphere

Robert D. Crassweller

A MAN OF INFLUENCE: NORMAN A. ROBERTSON AND CANADIAN STATECRAFT, 1929–68. By J.L. Granatstein. Ottawa: Deneau, 1981, 488 pp. $24.95.

This book is indispensable for the history of Canadian foreign policy in the mid-twentieth century, over which Norman Robertson for over 40 years exerted more influence than any other man with the exception of Mackenzie King and Lester Pearson. As senior career diplomat and twice Under Secretary of State for External Affairs, he presided over an era when everyone involved

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with Canadian foreign affairs knew everyone else and one person could keep track of all the relevant issues.

G.S.

ENVOY TO NEHRU. By Escott Reid. New York: Oxford University Press, 1981, 301 pp. $24.00.

A distinguished Canadian diplomat recalls his ambassadorship to India from 1952 to 1957. The book adds to an understanding not only of Canada's relations with India, but of India's policies at the time toward the United States, the Soviet Union and the cold war.

G.S.

PRISONER WITHOUT A NAME, CELL WITHOUT A NUMBER. By Jacobo Timerman. New York: Knopf, 1981, 164 pp. $10.95.

The whirlwind of contention surrounding this little book should not obscure its merits and its defects. As a lyric exercise and an expression of moral outrage, it is eloquent, even exquisite; as a polemic or philippic it is deeply flawed, ambiguous and deceptive. Under the spell of literary skill, the reader is tempted to gloss over the omission or blurring of basic information, pertinent questions and full answers. And in basing his case against the Argentine government on massive accusations of anti-Semitism, the author has profoundly exaggerated and distorted Argentine manifestations of that ugly phenomenon.

MEXICO-UNITED STATES RELATIONS. Edited by Susan Kaufman Purcell. New York: Praeger (with the Academy of Political Science), 1981, 213 pp.

Much rewarding subject matter is covered in wide-ranging essays on political, economic, social and resource-related topics. An interesting prediction: "Changes in the international economy are most likely to lead to the intensification of bilateral ties, only secondarily to regionalist alternatives, and scarcely at all toward new global arrangements."

THE POLITICS OF MEXICAN OIL. By George W. Grayson. Pittsburgh: University of Pittsburgh Press, 1981, 283 pp.

U.S.-MEXICAN ENERGY RELATIONSHIPS. Edited by Jerry R. Ladman and others. Lexington (Mass.): Lexington Books, 1981, 237 pp. $23.95.

George Grayson's book is a full analysis of the oil sector in Mexican domestic and foreign affairs, covering PEMEX, labor aspects, the OPEC relationship, the Ixtoc blowout and more. The author remarks that there has been a remarkable and largely ignored record of cooperation in energy matters between Mexico and public and private groups in the United States. In the second book, these papers presented at a 1979 conference at Arizona State University are more diversified and representative than usual. The sections on Mexican and U.S. perspectives and changes in Mexico's external relations consist of basic papers, comments thereon and summaries of discussions.

THE DOMINICAN REPUBLIC. By Ian Bell. Boulder (Colo.): Westview Press, 1981, 392 pp. $35.00.

The author, a scholarly retired British diplomat whose skills extend to literature and art, provides the most recent volume in the Nations of the Modern World series. The origins of the Dominican people, the history of the country, and its social and economic characteristics are all covered; maps,

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tables and illustrations are provided. In much of the book the treatment is topical rather than narrative in format. Solid and accurate, an excellent general source.

THE GOOD NEIGHBOR POLICY AND AUTHORITARIANISM IN PARAGUAY. By Michael Grow. Lawrence: Regents Press of Kansas, 1981, 163 pp. $20.00.

A balanced and interesting account of the pursuit of self-interest by both Paraguay and the United States in the 1930s, stressing "mutual opportunism" and "reciprocal exploitation." Long-range cost-benefit calculations determined wartime alignments, and if the Roosevelt Administration's policy differed from its predecesssors' in its patterns of expansion and intervention, it did so mostly in its use of foreign aid as an instrument of hegemony.

CLASS, STATE AND POWER IN THE THIRD WORLD: WITH CASE STUDIES ON CLASS CONFLICT IN LATIN AMERICA. By James F. Petras and others. Montclair (N.J.): Allanheld, Osmun, 1981, 285 pp. $19.95.

Taking the Third World as the comprehensive unit of analysis, the authors have produced a closely reasoned political and social study of its current developments and its relationships with capitalist countries. The orientation is socialist. In a second section the focus is on case studies of Peru, Cuba, Argentina and Nicaragua.

MILITARY GOVERNMENT AND THE MOVEMENT TOWARD DEMOCRACY IN SOUTH AMERICA. Edited by Howard Handelman and Thomas G. Sanders. Bloomington: Indiana University Press, 1981, 388 pp. $29.95 (paper, $10.95).

Presented in the format of unrevised Reports by American University Field Staff representatives from 1975 to 1980, these essays analyze the authoritarian military regimes in Chile, Uruguay, Brazil, Ecuador and Peru, their varying degrees of control, and their uneven movement toward civilian government.

Western Europe

Fritz Stern

THE LONG MARCH OF THE FRENCH LEFT. By R.W. Johnson. New York: St. Martin's, 1981, 345 pp. $22.50.

An English don analyzes with wit and acumen the vagaries of the French Left, from Liberation to the defeat of 1978 and the beginnings of a campaign that finally brought the Left to a new phase in the long march. This spirited book, appearing with uncanny timeliness, considers "the decline of Gaullism as a mass force . . . the central political process in the France of the 1970s," but implicitly concludes that after the defeat of 1978, a Left victory seemed unlikely, despite the many factors favoring it. Unlike many a wooden specialist of our day, Johnson grasps and delights in the full panoply of politics: the social, indeed the religious context, the role of leadership and human foibles, the ideological component, and electoral behavior.

CAPITALISM AND THE STATE IN MODERN FRANCE. By Richard F. Kuisel. New York: Cambridge University Press, 1981, 344 pp. $37.50.

A careful, balanced study of the renovation of the French economy, characterized by post-1945 growth, modernization and the development of a

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neo-liberal managed economy. Kuisel, an American historian of France, emphasizes the gradual acceptance of central planning and state management, beginning with the economic imperatives of World War I and taking hold after the impetus of defeat in World War II. A judicious account that sees the ultimate reason for France's renewal in changes in men's minds, in a national desire to overcome backwardness in order to compete with other resurgent capitalist economies. It is ironic that this account of what is essentially a success story should appear just as France is entering a new and volatile economic stage.

DE GAULLE, LES FRANÇAIS ET L'EUROPE. By Danielle Bahu-Leyser. Paris: Presses Universitaires de France, 1981, 259 pp.

This study, originally a doctoral thesis and based on extensive research, examines the great popular support of de Gaulle's policies vis-à-vis Europe, despite the opposition of major institutions, such as parties and journals. Another useful study on how the General promoted his policies, both by force of argument and by a judgment of what would appeal to French real and perceived interests.

THE RELUCTANT ALLY: FRANCE AND ATLANTIC SECURITY. By Michael M. Harrison. Baltimore: Johns Hopkins, 1981, 304 pp. $24.00.

An American political scientist argues that the Gaullist version of modified independence—to which he is sympathetic—has gradually won for itself a consensus in France itself and that the trend toward a more pluralist Alliance in the 1970s has approximated some of de Gaulle's aims. A useful study that ends with the initial Western response to the invasion of Afghanistan but basically reflects a time when détente characterized the climate and when inter-Allied conflicts over economic issues were less ominous.

UNE COURSE SANS RETOUR. By Pascal Fontaine. Lausanne: Foundation Jean Monnet Pour L'Europe, 1981, 149 pp.

A passionate Europeanist and follower of Jean Monnet pleads for an independent European defense effort.

FROM THE ASHES OF DISGRACE: A JOURNAL FROM GERMANY, 1945–1955. By Hans Speier. Amherst: University of Massachusetts Press, 1981, 336 pp. $20.00.

A well-known American social scientist, born and educated in pre-Hitler Germany, publishes his memorabilia from the first decade after Germany's defeat. The records of his impressions and conversations attest to a sensitive observer, amazed at the sheer resiliency of people, at life asserting itself amid ruins. There is significant commentary on the style of the American presence as well.

AGAINST TWO EVILS. By Hans von Herwarth with S. Frederick Starr. New York: Rawson, Wade, 1981, 318 pp. $13.95.

A most readable autobiographical account of a German diplomat in Moscow in the 1930s, turned officer during the war. He had sympathy for neither evil—Nazism nor communism—and understood how much the two systems converged. As an anti-Nazi, he drew close to the military resistance against Hitler. A book of adventure rather than analysis, but full of interesting historic details and *aperçus*.

DIE AMERIKANISCHE REPARATIONSPOLITIK GEGENÜBER

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DEUTSCHLAND, 1941–1945. By Otto Nübel. Frankfurt am Main: Metzner, 1980, 226 pp.

Basing his work primarily on American documents, a German historian has written a valuable and original analysis of the shaping of U.S. reparations policy toward Germany. From this detailed discussion one sees very clearly how much the failure to settle issues within the U.S. government or to take a long view of the problem led to international failures and disputes. The story stops with the Potsdam Conference, which was not really the end. One of the author's discoveries is that the Council on Foreign Relations' War and Peace studies produced what he regards as one of the best papers on reparations some time before the government did anything about the issue.

W.D.

THE FORCES OF FREEDOM IN SPAIN, 1974–1979. By Samuel D. Eaton. Stanford: Hoover Press, 1981, 192 pp. $11.95 (paper).

Spain's transition from dictatorship to a functioning, if still precarious, democracy is one of the great and unexpected achievements of the past decade. The U.S. Deputy Chief of Mission in Madrid during that dramatic period contributes a thin commentary on these events.

THE ITALIAN COMMUNIST PARTY: THE CRISIS OF THE POPULAR FRONT STRATEGY. By Grant Amyot. New York: St. Martin's, 1981, 252 pp. $25.00.

Italian Communism came in several guises, and Amyot tries to describe the intraparty conflicts between the Left and Right. His main focus is on the role of a Left critic, Pietro Ingrao, and on the diverse regional responses within the PCI to his views.

The Soviet Union and Eastern Europe

John C. Campbell

SOVIET-EAST EUROPEAN DILEMMAS. Edited by Karen Dawisha and Philip Hanson. New York: Holmes & Meier (for the Royal Institute of International Affairs), 1981, 226 pp. $27.50 (paper, $11.50).

Essays emerging from a Chatham House study group, written by British scholars (with the exception of an original analysis by Eberhard Schulz on the evolution of the Eastern bloc since World War II in the context of East-West relations). These are think-pieces rather than research monographs, are cautious and conservative in their conclusions, and were written too early to take much account of the past year's events in Poland; but they make a real contribution both to interpreting the past and to facing the decisions of the future.

EASTERN EUROPE IN THE 1980s. Edited by Stephen Fischer-Galati. Boulder (Colo.): Westview Press, 1981, 291 pp. $26.25 (paper, $11.50).

A successor to *Eastern Europe in the Sixties*, with the same editor, and devoted mainly to describing the 1970s, this collaborative work is remarkable for its conservative prognostications—the 1980s will be more of the same—and for its topical rather than country-by-country approach. The editor stresses the limits of diversity, but the authors do not all take the cue.

ROMANIA IN THE 1980s. Edited by Daniel N. Nelson. Boulder (Colo.): Westview Press, 1981, 313 pp. $24.00.

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It is a notable and welcome fact that the United States has enough genuine experts on Romania to produce a book of this scope and quality, one which provides a detached and well-documented analysis of the country's recent history and uncertain future. Stephen Fischer-Galati's introduction is pessimistic about the Ceauşescu regime's prospects of success in domestic or foreign policy, and his colleagues do not say much to persuade us to the contrary.

HUNGARY: A DECADE OF ECONOMIC REFORM. Edited by Paul Hare, Hugo Radice and Nigel Swain. Winchester (Mass.): Allen & Unwin, 1981, 257 pp. $29.95.

The most comprehensive and expert description and analysis yet available of Hungary's economy under the New Economic Mechanism adopted in 1968. The authors, some from Hungary and some from the West, cover investment, prices, wage regulation, foreign trade, international industrial cooperation and other matters. They are professional economists who write in the language of their trade, saying relatively little about the political background.

IN DEFENSE OF DEMOCRACY IN SOCIALISM. By Svetozar Stojanović. Buffalo (N.Y.): Prometheus Books, 1981, 145 pp. $16.95.

Mainly a disquisition on Marxist thought and on the general phenomenon of Stalinism, these essays also contain a criticism of Titoist Yugoslavia, pointing to the authoritarian Stalinist legacy remaining after 1948 and the failure, despite "socialist self-management," to move to the practice of democratic socialism. One of the *Praxis* group and of the "Belgrade Eight," Stojanović was unable, for reasons which will be obvious to the reader, to get his book published in Yugoslavia.

EASTERN POLITICS OF THE VATICAN, 1917–1979. By Hansjakob Stehle. Athens: Ohio University Press, 1981, 466 pp. $26.95 (paper, $13.50).

First published in Germany in 1975, Stehle's book in English translation deserves a hearty welcome, for it provides a remarkably objective and often corrective study, with new material, of a subject of wide general interest: the series of difficult and controversial questions faced by the Vatican in its relations with Soviet Russia, with Nazi Germany, and with the new East European regimes which emerged from World War II. Eugenio Pacelli, of course, has a major role in the story; but there is a continuing concept of Catholic policy, based on the long-term pastoral interests of the Church, that overshadows all personal diplomacy. Stehle, a first-rate journalist who has written at length about contemporary Poland, here proves himself to be an excellent scholar.

THE BUREAUCRACY OF TRUTH: HOW COMMUNIST GOVERNMENTS MANAGE THE NEWS. By Paul Lendvai. Boulder (Colo.): Westview Press, 1981, 285 pp. $24.75.

Describing the place of Marxist-Leninist "truth" in communist systems and how it is purveyed to consumers at home and abroad makes a well-known story without major surprises, but Paul Lendvai tells it with the right combination of broad background and telling illustrations from recent years, including a review of compliance with the information clauses of the Helsinki Final Act. As a working journalist based in Austria, with years of experience in Eastern Europe, he writes with authority on a subject he knows intimately.

WITHIN THE WHIRLWIND. By Eugenia Ginzburg. New York: Harcourt Brace Jovanovich, 1981, 448 pp. $17.50.

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The posthumous second volume of Eugenia Ginzburg's memoirs (the first, *Journey into the Whirlwind*, appeared in 1967) describes her experience of 18 years in Stalin's Gulag archipelago and eloquently chronicles "the cruel journey of the soul." More than an exposé of the prison camp system, it is an impressive and moving literary work. (The translation is from the Russian edition published in Italy in 1979.)

THE SOVIET ECONOMY: CONTINUITY AND CHANGE. Edited by Morris Bornstein. Boulder (Colo.): Westview Press, 1981, 381 pp. $33.50 (paper, $12.95).

Articles and papers reprinted from the recent survey done for the Joint Economic Committee of the U.S. Congress and from *Problems of Communism* and other periodicals are put together to provide a broad and balanced picture of the Soviet economy and its foreign relations. The list of authors includes many of the leading American experts in the field.

THE INTERNATIONAL WORKING-CLASS MOVEMENT, VOL. I. Edited by Boris N. Ponomarev. Moscow: Progress, 1980, 674 pp. (Chicago: Imported Publications, distributor, $11.50).

The first, in English translation, of seven projected volumes on the rise of the communist movement, put out by a high-powered editorial team headed by an alternate member of the Politburo. Presaging more, and more interesting, material to come, it covers the greater part of the nineteenth century and, not unexpectedly, highlights the theory and activities of the founding fathers, Marx and Engels.

The Middle East and North Africa

John C. Campbell

ISRAEL AND PALESTINE: ASSAULT ON THE LAW OF NATIONS. By Julius Stone. Baltimore: Johns Hopkins, 1981, 223 pp. $17.50.

Professor Stone, an international jurist of well-established reputation, devotes most of this book to refuting the positions taken by the Committee on the Exercise of the Inalienable Rights of the Palestinian People, established by the U.N. General Assembly in 1977. His main argument, well founded, is that General Assembly resolutions do not have the force of international law. He covers much more ground than this, however, taking up a host of questions—on which legal arguments on both sides have been made to serve political ends—that have long been at issue between Israel and Arabs, especially those relating to the West Bank and Gaza. The book shows a fine legal mind at work, but it is a brief for the State of Israel, and not necessarily the only sustainable interpretation of the law.

PALESTINIAN SELF-DETERMINATION: A STUDY OF THE WEST BANK AND GAZA STRIP. By Hassan bin Talal, Crown Prince of Jordan. London and New York: Quartet Books, 1981, 138 pp.

The Royal House of Jordan may be an unlikely champion of Palestinian nationalism but it is not going to be backward in defending Arab rights against Israel. Here Prince Hassan gives a bit of history, a relatively low-keyed discussion of legal issues, and some recommendations. He terms Camp David and the Israeli-Egyptian treaty "a disaster" and calls for a comprehensive negotiation, including the PLO, based on existing Security Council resolutions

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expanded to include the right of the Palestinian Arabs to an independent state alongside Israel.

THE PALESTINIAN REFUGEES IN JORDAN, 1948–1957. By Avi Plascov. London: Cass, 1981, 268 pp. (Totowa, N.J.: Biblio, distributor, $45.00).

An outstanding monograph based on much unpublished material (including Jordanian documents now in the Israel state archives), UNRWA (United Nations Relief and Works Agency for Palestine Refugees) reports, a host of secondary works, the press of that time, and interviews. Jordan was unique as a refugee-receiving country, having annexed the West Bank and granted citizenship to the Palestinians, and Plascov throws light on how these factors changed the nature of Jordanian politics, in addition to giving a detailed picture of where the refugees were, how they lived, and the central role of UNRWA.

PLO STRATEGY AND TACTICS. By Aryeh Y. Yodfat and Yuval Arnon-Ohanna. New York: St. Martin's, 1981, 225 pp. $22.50.

Two Israeli scholars have produced a comprehensive study of the Palestine Liberation Organization—its origins, ideology, organization, internal divisions, strategy and tactics, and relations with the Arab states and the outside world. Hardly an inside story and not likely to win Arab plaudits, it is nevertheless a thorough and objective job of research based on the Arabic and world press and other sources. The PLO cannot be a party to a negotiated settlement, the authors point out, unless and until it accepts the existence of Israel, but it is clear from the record laid out in this study that it is more than just a terrorist group. The book includes a useful documentary appendix.

COVERING ISLAM. By Edward W. Said. New York: Pantheon, 1981, 192 pp. $10.95 (paper, $3.95).

THE ARABS. By Maxime Rodinson. Chicago: University of Chicago Press, 1981, 188 pp. $12.50 (paper, $5.95).

DIE KRISE DES MODERNEN ISLAMS. By Bassam Tibi. Munich: Beck, 1981, 228 pp. DM. 19.80.

Edward Said, pursuing a theme of his earlier work, *Orientalism*, exposes clichés and myths which have marked the coverage of Islam in the Western media and literature, especially in this period of Islamic resurgence in Iran and elsewhere. He makes many good points, although his tendency toward overstatement and his hectoring tone are a bit wearing. Rodinson, writing a kind of primer for the intelligent general reader, spends much time and space on definition and clarification without oversimplification, seeking above all, like Said, to dispel popular misconceptions about the Arabs. Always stimulating, often provocative, Rodinson seems more mellow here than in some of his earlier works. Bassam Tibi, an Arab scholar now teaching in Germany, gives his explanations and his own thoughts on Islam, its past and future as cultural heritage and political force, in a book addressed to Western readers. He rejects fundamentalism and pleads for a secularization of Islamic society that, although not based on Western models, will be consistent with the scientific-technological realities of the modern world.

SECURITY IN THE PERSIAN GULF. VOL. I: DOMESTIC POLITICAL FACTORS. Edited by Shahram Chubin. 90 pp. VOL. II: SOURCES OF INTER-CONFLICT. By Robert Litwak. 105 pp. Montclair (N.J.): Allanheld (for the International Institute for Strategic Studies). 1981, $10.00 (each).

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THE SECURITY OF THE PERSIAN GULF. Edited by Hossein Amirsadeghi. New York: St. Martin's, 1981, 294 pp. $32.50.

The Institute for Strategic Studies books, which are the first two volumes in a projected series of four short studies on security in the Gulf, provide essential and up-to-date background material. Chubin and his associates describe the domestic structures of regional states and the challenges they face; Arnold Hottinger, the most provocative and least cautious of the contributors, sees a very troubled future for Saudi Arabia. Robert Litwak, in his summaries of the main boundary and other disputes within the area, gives the present state of play on issues which are seen as vital by the local governments and which color their views on regional security and the policies of outside powers. The Amirsadeghi volume deals competently with several important aspects of security—e.g., the strategic balance, relations with the superpowers, arms transfers, and the respective roles of Iran, Iraq and Saudi Arabia, taking account of the sea changes brought about by the Iranian Revolution.

Asia and the Pacific

Donald S. Zagoria

CHINA'S ECONOMY IN GLOBAL PERSPECTIVE. By A. Doak Barnett. Washington: Brookings, 1981, 752 pp. $32.95 (paper, $16.95).

This is Doak Barnett's finest book in a distinguished career of interpreting modern China. It is by far the most thorough and balanced account yet written of the post-Mao efforts in China to modernize its economy against great obstacles. There are many useful tables, and the footnotes alone (which are a good guide to the best recent literature on China) take up about 150 pages. Barnett believes that Deng Xiaoping's reform efforts will have to show significant results by the mid-1980s or Deng and his allies might well forfeit their political support. He is cautiously optimistic about their prospects.

MILITARISM IN PEKING'S POLICIES. By G. Apalin and U. Mityayev. Moscow: Progress, 1980, 244 pp. (Chicago: Imported Publications, distributor, $5.50).

A Soviet discussion of post-Mao developments in China which concludes that "Leftist Maoism" has been replaced by "pragmatic Maoism" designed to secure the "hegemonistic aspirations of Peking." According to the authors, the strengthening of the present regime and the expansion of China's economic and military power may lead to greater Chinese bellicosity in the international arena.

VILLAGES. By Richard Critchfield. New York: Anchor Press/Doubleday, 1981, 408 pp. $17.95.

Critchfield, an American journalist who has spent the past 11 years living in villages in Asia, Africa and Latin America, believes that there is a "great change" taking place in them, especially in the Confucian societies of East Asia. Contraception is being widely practiced; modern scientific farming methods are spreading swiftly; the vast exodus from village to city is reversing ("though it may take some time until we have the figures to prove it"), and, finally, many of the peasant societies are being industrialized. (The reader should compare this account with Doak Barnett's far from optimistic views on

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the race between food and population in China [see above]). Still, even when all caveats have been entered, Critchfield's work is a landmark study and will be referred to for years to come.

IN AFGHANISTAN'S SHADOW: BALUCH NATIONALISM AND SOVIET TEMPTATIONS. By Selig S. Harrison. New York and Washington: Carnegie Endowment, 1981, 228 pp. $12.00 (paper, $6.00).

Harrison focuses on Afghanistan's "shadow"—neighboring Baluchistan. He gives a detailed history of the Baluch nationalist movement in Pakistan (where the overwhelming majority [3.65 million] of the Baluch live), and in Iran (one million). Only about 90,000 are native to the border areas of southern Afghanistan. The author also considers Moscow's "Baluch card" and concludes that the Kremlin's attitude toward Baluch separatism has been ambivalent because the Soviets still believe that there is a reasonable chance to replace the Zia regime in Pakistan and the Islamic fundamentalist government in Iran with more compliant regimes.

AFGHANISTAN: KEY TO A CONTINENT. By John C. Griffiths. Boulder (Colo.): Westview Press, 1981, 225 pp. $20.00.

THE STRUGGLE FOR AFGHANISTAN. By Nancy Peabody Newell and Richard S. Newell. Ithaca (N.Y.): Cornell University Press, 1981, 227 pp. $14.95.

A JOURNEY THROUGH AFGHANISTAN: A MEMORIAL. By David Chaffetz. Chicago: Regnery Gateway, 1981, 254 pp. $12.95.

Griffiths stresses the lack of unity of the Afghan resistance against the Soviet Union: "There is some spasmodic cooperation between various groups but the general pattern is one of a large number of independent guerrilla leaders conducting their feudal, warlord-style campaigns." The absence of a unified campaign not only diminishes the rebels' military impact but means that there is no one with whom the Soviets can negotiate. The Newell volume's strength lies in its lucid and compact historical background to current developments. Richard Newell is a historian specializing in Afghanistan and Nancy Newell is a researcher on South Asia. The Newells argue for a gradual increase in aid to the resistance, including arms. David Chaffetz's book is a beautifully written and perceptive recounting of a journey through Western Afghanistan—evidently before the Soviet invasion. The author is a young, and very talented, student of Middle Eastern peoples and languages.

THE EMERGENCE OF MODERN INDIA. By Arthur Lall. New York: Columbia University Press, 1981, 288 pp. $16.95.

Arthur Lall held important Indian government positions, first under the British and later under Nehru, and he was a key administrator in modern India for several decades. He begins by drawing together some of the main threads in Indian life as they have developed over the past several thousand years, devotes much of the book to the years under British dominion, and concludes with a look at post-independence India. He sees the burden of poverty and the failure of people and politicians to recognize the need for efficient government as India's greatest weaknesses; its greatest strengths are its ability to synthesize seemingly irreconcilable elements, and its rejection of power as a legitimate base for international relations.

JAPANESE JOURNALISTS AND THEIR WORLD. By Young C. Kim. Charlottesville: University Press of Virginia, 1981, 240 pp., $15.00

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A pioneering study of an important subject. Japanese government officials, interviewed by the author, charge the Japanese press with lack of objectivity, partial and unfair reporting, a dearth of facts, a tendency to concentrate on stories that embarrass the government, an abundance of speculation, and a strong anti-American bias. The sense of dissatisfaction was especially marked among Japanese Foreign Ministry officials. There are also interviews with reporters and other staff from the four major daily newspapers, an examination of the influence of labor unions on editorial policy, a detailed description of how the newspapers actually operate, the use of politicians as news sources, and more.

Africa

Jennifer Seymour Whitaker

AFROCOMMUNISM. By David and Marina Ottaway. New York: Africana, 1981, 237 pp. $24.80 (paper, $12.50).

In this superb study of African leftist regimes, the Ottaways assert unequivocally that the self-declared Marxist regimes formed since the end of Portuguese colonialism represent a new phenomenon in Africa. Through extended case studies of Angola, Mozambique and Ethiopia (as well as shorter analyses of other countries), they argue convincingly that the use of Marxist ideology as a blueprint for development gives these states a steady commitment to a particular pattern of state-owned and collectivized economic institutions, as well as a firm foreign alignment with the Eastern bloc. In the authors' view, this pattern is likely to prove more durable than previous African socialist experiments; whether it will be more effective at solving economic and social problems remains to be seen.

ASKING FOR TROUBLE: THE AUTOBIOGRAPHY OF A BANNED JOURNALIST. By Donald Woods. New York: Atheneum, 1981, 373 pp. $12.95.

Replete with pungent anecdotes about South Africa's past and present leadership, this autobiographical account of Woods' 20-year joust with the government over the question of apartheid is lifted by the author's remarkable personal élan. Only with the death of his friend, the black leader Steve Biko, and his own banning and harassment by the police does the crusading newspaper editor, perforce, abandon his mission. His final dramatic flight from South Africa constitutes a hard judgment on his native land.

THE STRUGGLE FOR ZIMBABWE: THE CHIMURENGA WAR. By David Martin and Phyllis Johnson. London and Boston: Faber and Faber, 1981, 374 pp. $25.00.

THE STRUGGLE FOR ZIMBABWE: BATTLE IN THE BUSH. By Lewis H. Gann and Thomas H. Henriksen. New York: Praeger, 1981, 154 pp.

With its wealth of documented information on the internal workings of the Zimbabwean guerrilla movements, the somewhat staccato historical narrative by Martin and Johnson, two long-time Africa correspondents, will fascinate and enlighten Zimbabwe-watchers. Particularly compelling is their account of the gradual ascendance of Robert Mugabe within ZANU's complex dual structures of military and civilian leadership. The authors' links with the leaders of Mugabe's ZANU group clearly shape their overall perspective, but their extraordinary access, in terms of interviews, internal correspondence and

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memoranda makes this more a primary source than a partisan account. In their study, on the other hand, Gann and Henriksen set out to tell the white Rhodesians' side of the story, explaining their motivations, reactions and effective military and economic strategies; they also endeavor, with less success, to do the same for the insurgents, whom they appear to view largely through mass media reportage. They do conclude firmly, however, that although the guerrillas' "war of the flea" came nowhere near a military victory, the Rhodesian security forces had no chance under any circumstances of stamping out the conflict.

SOUTHERN AFRICA SINCE THE PORTUGUESE COUP. Edited by John Seiler. Boulder (Colo.): Westview Press, 1980, 252 pp. $24.50.

Although somewhat dated (the book was written in 1979, before the settlement in Zimbabwe), the book offers a good overview, liberally studded with useful historical anecdotes. Particularly distinguished are the contributions by Seiler and Gerhard Tötemeyer on Namibia, Donald Baker on white reactions to regional events since 1974, Crawford Young on Zaïre's southern Africa policy, and Keith Middlemas on Mozambique.

AFRICA SOUTH OF THE SAHARA: THE CHALLENGE TO WESTERN SECURITY. By L.H. Gann and Peter Duignan. Stanford: Hoover Press, 1981, 128 pp. $9.95 (paper).

Although this analysis of African issues by two Hoover Institution scholars apparently broadens their focus beyond South Africa (see *Why South Africa Will Survive*, noted in *Foreign Affairs*, Summer 1981) to the whole sub-Saharan area, their bottom line is the same: with all the instability in black Africa, we cannot afford to pursue a policy of hostility toward a potentially vital strategic entrepôt like South Africa. Advising the United States to "drop romantic notions concerning 'liberation,'" they advocate increased arms sales and aid to dissident movements dogging African Marxist regimes. They do not, however, consider in detail the consequences of what they term a "new *Realpolitik*" or show how it could curtail Soviet activities in Africa.

THE USSR AND AFRICA: FOREIGN POLICY UNDER KHRUSHCHEV. By Dan C. Heldman. New York: Praeger, 1981, 187 pp.

In this study, the reader is led through a tortuous theoretical maze to an unsurprising conclusion: that Soviet policy toward Africa in the 1955–65 period was driven by both ideology and pragmatism. Beneath the jargon, however, the patient scholar will find an abundance of historical detail assembled from a wide range of Soviet publications.

THE AFRICAN DEVELOPMENT BANK: PROBLEMS OF INTERNATIONAL COOPERATION. By Kwame Donkoh Fordwor. Elmsford (N.Y.): Pergamon Press, 1981, 342 pp. $30.00.

The former President of the African Development Bank graphically recounts his personal saga of successful institution-building, set against a backdrop of international bureaucratic intrigue. Although he guided the Bank skillfully through the controversial process of opening up its membership to non-African countries, he was shortly thereafter abruptly dismissed by the Bank's directors. Venality and stupidity vie with wisdom and competence in this African morality play; unfortunately, as Fordwor tells it, the good guy finishes last.

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EUROPEAN BUSINESS AND SOUTH AFRICA: AN APPRAISAL OF THE EC CODE OF CONDUCT. Edited by Anne Akeroyd and others. Munich/Mainz: Kaiser/Grünewald, 1981, 260 pp. DM. 28.50.

Although these evaluations of the EC (European Community) Code were prepared for a conference in 1979, little has changed in the interim. Indeed, they sound very like contemporary assessments of the U.S. Sullivan Code: some progress has been made on wages, working conditions and black unionization; compliance and reporting are spotty (with the Germans lagging considerably behind the British); the effects are, on the whole, marginal.

INTEGRATION AND DISINTEGRATION IN EAST AFRICA. Edited by Christian P. Potholm and Richard A. Fredland. Lanham (Md.): University Press of America, 1981, 219 pp. $17.75 (paper, $9.75).

This exhaustive autopsy of the East African Community does not give rise to much optimism about future integrative efforts in Africa. As the contributors largely agree, the causes of death were multiple and mortality virtually inevitable, given political strains plus the lack of economic leeway, in any of the countries, to cushion the necessary adjustments.

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Janet Rigney

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